

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET**

PROPOSED APPROPRIATIONS LANGUAGE

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93-454, are approved for ~~the anadromous fish supplementation facilities in the Yakima River Basin, Methow River Basin and Upper Snake River Basin, for the Billy Shaw Reservoir resident fish substitution project, and for the resident trout fish culture facility in Southeast Idaho;~~ and official reception and representation expenses in an amount not to exceed \$3000.

During Fiscal year ~~1998~~ 1999 no new direct loan obligations may be made.

Explanation of changes:

The proposed appropriations language authorizes reception and representation expenses in FY 1999 at the same level as FY 1998 and restricts new direct loans in FY 1999 as in FY 1998.

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EXECUTIVE SUMMARY

OVERVIEW

Bonneville Power Administration (Bonneville, BPA) is the Department of Energy's electric power marketing administration for the Federal Columbia River Power System (FCRPS). As stated in BPA's Business Plan, BPA's strategic mission is to: (1) provide electric power, transmission, and energy efficiency in increasingly competitive markets, (2) support the achievement of BPA's responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost electric power for the region, (3) remain a low-cost producer and a creative and flexible marketer in the region, helping to ensure the economical and environmental health of the Pacific Northwest, and (4) value individual diversity, entrepreneurial spirit, personal responsibility and the public service of Bonneville employees. BPA's business strategies to fulfill its mission can be summarized as meeting the electric energy market price, managing costs to be competitive in providing services to customers, strengthening BPA's financial position, and reorienting the organization to be responsive, flexible and competitive.

BPA provides electric power (about half of the electricity consumed in the region), transmission (about four-fifths of the region's high voltage transmission capacity), and energy efficiency throughout the Pacific Northwest, a 300,000 square mile service area. BPA markets the electric power produced at 29 Federal hydroelectric multipurpose dams in the Pacific Northwest by the Corps of Engineers and the Bureau of Reclamation, and acquires non-Federal power to meet the needs of its customer utilities.

Congress created BPA in 1937 as part of the Bonneville Project Act, providing BPA's basic statutory utility responsibilities and authorities. In 1974, passage of the Federal Columbia River Transmission System Act (Transmission System Act) placed BPA under provisions of the Government Corporation Control Act (31 U.S.C. 9101-9110) and provided BPA with "self-financing" authority through the BPA Fund, a revolving fund, allowing BPA to use its revenues from electric ratepayers to directly fund all programs and to sell bonds to the U.S. Treasury to finance the region's high-voltage electric transmission system requirements. In 1980, enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) expanded BPA's utility obligations and responsibilities to encourage electric energy conservation and develop renewable energy resources, and protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these expanded responsibilities, BPA's Treasury borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and to carry out fish and wildlife capital improvements.

BPA's program is mandatory, nondiscretionary. It receives no annual appropriations from Congress. BPA funds the expense portions of its budget and repays the Federal investment in the Government's Pacific Northwest power system with revenues from electric rates. BPA is authorized to sell bonds to the Treasury up to a cumulative outstanding total of \$3.75 billion (permanent, indefinite borrowing authority). Through FY 1997, BPA has returned approximately \$14.1 billion to the Treasury for payment of FCRPS O&M (about \$2.6 billion), interest (about \$7.9 billion) and amortization (about \$3.6 billion) of appropriations and bonds. Bonneville made its full FY 1997 payment of over \$775 million as scheduled. For FY 1998, BPA plans to pay the Treasury \$774 million, of which \$227 million is to repay investment principal, and \$440 million is for interest. The FY 1999 Treasury payment is currently estimated at \$614 million, including \$164 million for repayment of principal, and \$438 million for interest.

Bonneville's FY 1999 budget has been prepared on the basis of its three major areas of activity: power, transmission and energy efficiency. This structure supports Bonneville's reorganization undertaken to become more competitive in the rapid restructuring of the deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC) orders (FERC orders 888 and 889) requiring separation of utilities' power and transmission functions. As a Federal agency, Bonneville is not bound by law to comply with the orders, but chose to comply with the FERC orders because it views compliance as essential to successfully compete in the electric power market of the future. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy." This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of major activities.

BPA's FY 1999 budget incorporates the budget reductions BPA has made to remain competitive in the electric utility industry in the Pacific Northwest as the industry restructures itself. These budget estimates, however, are still subject to continual change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry in the Pacific Northwest.

FUNDING SUMMARY (accrued expenditures in millions of dollars)

	FY 1997	FY 1998	FY 1999
CAPITAL INVESTMENTS			
Transmission Business Line	\$135	\$147	\$136
Power Services Business Line	\$54	\$77	\$101
Conservation & Energy Efficiency	\$ 27	\$26	\$9
Capital Equipment	<u>\$20</u>	<u>\$14</u>	<u>\$12</u>
Total Capital Investments	\$236	\$264	\$258
Accrued expenditures will require budget obligations of	\$209	\$253	\$258
Operating Expenses	\$1,885	\$2,000	\$2,026
Projects Funded in Advance	\$16	\$30	\$29
CAPITAL TRANSFERS (cash)	\$205	\$227	\$164
BPA NET OUTLAYS	-\$157	-\$15	-\$46
BPA STAFFING (FTE)	2,929	2,930	2,755

FY 1999 PERFORMANCE OBJECTIVES

- *Produce gross revenues of over \$2 billion from the \$13 billion FCRPS investment and provide the U.S. Treasury \$712 million for operation and maintenance costs and interest and principal payments for the Federal Columbia River Power System,.*
- *Invest \$258 million in new capital assets for transmission, power, and conservation and energy efficiency.*
- *Sell about 75,000,000 megawatt-hours of electricity and wheeling.*
- *Serve more than 190 wholesale utility and industrial customers and interconnected utilities.*

- *Operate and maintain 14,800 circuit-miles of electric transmission lines, about 400 electric substations and associated utility and general plant, with a combined transmission system capital investment of \$5 billion.*
- *Provide and reliably operate about 80 percent of the 300,000 square-mile Pacific Northwest's high-voltage electric energy transmission capacity and work with other regional utilities and others to ensure an effective, efficient power supply system for the region's population of more than 10 million persons.*

These performance objectives support BPA's strategic mission to:

Provide electric power, transmission, and enhanced energy efficiency in increasingly competitive markets; support achievement of BPA fish and wildlife, energy conservation, renewable energy and low-cost power responsibilities; remain a low-cost producer and creative, flexible marketer in the Pacific Northwest, helping ensure the economic and environmental health of the Pacific Northwest; and, value individual diversity, entrepreneurial spirit, personal responsibility and public service of BPA employees.

**DEPARTMENT OF ENERGY
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FY 1999 CONGRESSIONAL BUDGET SUBMITTAL**

PROGRAM FUNDING PROFILE a/
(in millions of dollars)

	FY 1997 Actuals	FY 1998 Proposed b/	FY 1998 Amendment	FY 1998 Revised	FY 1999 Proposed
Capital Investment Obligations					
1 Power Business Line c/	19	NA	-	50	74
2 Fish & Wildlife c/	21	NA	-	27	27
3 Transmission Business Line	134	NA	-	146	136
4 Conservation & Energy Efficiency	20	NA	-	16	9
5 Capital Equipment	15	NA	-	14	12
6 TOTAL CAPITAL OBLIGATIONS	209	253	-	253	258
Expensed and Other Obligations					
7 Expensed	1,896	2,974	-	2,974	2,026
8 Projects Funded in Advance	16	12	-	12	29
9 TOTAL OBLIGATIONS (lines 6+7+8)	2,121	3,239		3,239	2,313
10 Capital Transfers (cash)	205	228	-	228	164
11 BPA TOTALS (lines 9+10)	2,326	3,467	-	3,467	2,477
12 Staffing (FTE) d/	2,929	2,930	--	2,930	2,755

a/ BPA's FY 1999 budget has been prepared in accord with the Budget Enforcement ACT (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to discretionary "caps" in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, changes to BPA estimates cannot be used to affect any other budget categories such as domestic discretionary, or defense discretionary which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a BEA "pay-as-you-go" test regarding its revision of funding estimates.

b/ These estimates reflect BPA's FY 1998 Congressional Budget Submission.

c/ The Power business line includes Fish & Wildlife in the Performance Summaries, which appears separately on line 2 of this table.

d/ FTE reflect 1997 actuals and updated estimates.

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PROGRAM MISSION

General Overview

Bonneville provides electric power, transmission and energy efficiency throughout the Pacific Northwest. Created in 1937 to market and transmit the power produced by the Bonneville Dam on the Columbia River, Congress has since then directed Bonneville to sell at wholesale the power produced at a total of 29 Federal dams, and to acquire non-federal power and conservation resources sufficient to meet the needs of Bonneville's customer utilities. Bonneville serves a 300,000 square mile area including Oregon, Washington, Idaho, Western Montana, and parts of Northern California, Nevada, Utah and Wyoming.

The Transmission System Act placed Bonneville under the provisions of the Government Corporation Control Act (31 U.S.C. 9101-9110) and allows Bonneville to use its revenue from electric ratepayers to fund all programs directly through the BPA revolving fund, and sell bonds to the Treasury to finance the region's high voltage transmission requirements. The Northwest Power Act expanded Bonneville's utility obligations and responsibilities to meet requesting utility loads, encourage conservation and develop renewable resources, and to protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these responsibilities, Bonneville's borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and to carry out fish and wildlife capital improvements. This Act also required regional energy plans and programs and created the Northwest Power Planning Council (Planning Council).

Bonneville is "self-financed" by the electric ratepayers of the Pacific Northwest and receives no annual appropriations from Congress. Bonneville's statutory budget authority is provided by the revenue-generating and rate-setting authorities of the Bonneville Project Act of 1937. Under the Transmission System Act, Bonneville funds the expense portion of its budget and repays the Federal investment with revenues from electric rates. Bonneville's revenues fluctuate primarily in response to market prices for fuels and to weather conditions affecting stream flows in the Columbia River System. Bonneville's permanent, indefinite statutory borrowing authority authorizes the agency to sell bonds to the Treasury up to a cumulative outstanding total of \$3.75 billion. Through FY 1997, Bonneville has returned approximately \$14.1 billion to the Treasury in interest, amortization, and repayment of Federal power generation, operation, maintenance, and construction costs. Bonneville made its full FY 1997 payment of over \$775 million as scheduled. Bonneville's projected total Treasury payments for FY 1998 and FY 1999 are \$774 million and \$614 million, respectively. Starting in

FY 1997, Bonneville is directly funding Bureau of Reclamation power O&M costs and in FY 1999 will begin direct funding Corps of Engineer power O&M costs.

Bonneville's FY 1999 budget has been prepared on the basis of its three major areas of activity: power, transmission, and conservation and energy efficiency. This structure supports Bonneville's reorganization as part of its competitiveness project undertaken to make Bonneville more competitive in the rapidly restructuring, deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC) orders (FERC orders 888 and 889) requiring separation of utilities' power and transmission functions. As a Federal agency, Bonneville is not bound by law to comply with the orders, but chose to comply with the FERC orders because it views compliance as essential to successfully compete in the electric power market of the future. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy." This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of business lines.

This budget proposes FY 1999 accrued expenditures of \$2,026 million for operating expenses, \$29 million for Projects Funded in Advance, \$258 million for capital investments, and \$164 million for capital transfers.

Spending levels in this budget are still subject to change due to several reasons, including continued review and adjustment of funding requirements by Bonneville to accommodate competitive dynamics in the region's energy markets, potential termination costs associated with contracts that Bonneville is terminating, and refinancing of non-federal debt service.

Bonneville's Strategic Mission

In 1995, Bonneville completed a Business Plan and an associated environmental impact statement. The Business Plan is the foundation and guidance for Bonneville's strategic evolution to competitive utility business lines of products and services. Bonneville's Business Plan is serving as the basis for development of Bonneville's Flight Plan. The Flight Plan development will provide for implementing agency and business line strategies, including specific targets for measuring performance through 2003. It is designed to be consistent with requirements of the Government Performance and Results Act of 1993. The objectives and performance measures below are consistent with the DOE Strategic Plan.

As stated in Bonneville's Business Plan, the strategic mission of Bonneville is:

- To provide electric power, transmission, and energy efficiency in increasingly competitive markets.

- To support the achievement of BPA's responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost power for the region.
- **To remain a low-cost producer and a creative and flexible marketer in the region, helping to ensure the economical and environmental health of the Pacific Northwest.**
- **To value individual diversity, entrepreneurial spirit, personal responsibility and the public service of Bonneville employees.**

Objectives and Performance Measures

1997 is the third year of operations under Bonneville's Business Plan. As a Federal enterprise conducting business in the marketplace, Bonneville must achieve commercial success in order to meet its public responsibilities. To this end, Bonneville has developed and measures its progress in attaining established performance measures for seven Strategic Business Objectives (SBO) and 4 target areas. Following are the Strategic Business Objectives, 1997 target areas and their associated performance measures. These measures are reported to the President, Congress, the Department of Energy, the General Accounting Office, and the Office of Management and Budget to meet the requirements of the Chief Financial Officers (CFO) Act (Public Law 101-576).

Strategic Business Objectives

Objective 1. Achieve high and continually improving customer satisfaction:

Objective 2. Increase the value of our business and share the expanding benefits.

Objective 3. Be the lowest-cost producer of power and transmission services.

Objective 4. Achieve and maintain financial integrity.

Objective 5. Keep the power system safe and reliable.

Objective 6. Invest in environmental results to sustain competitiveness and deliver federal benefits.

Objective 7. Transform Bonneville into a high-performing, business-oriented organization.

Public Responsibilities Targets (SBOs 2, 3, 4, 5, 6)

- Over all constituent and Tribal Government satisfaction rating of 70%
- Meet 1995 Biological Opinion operational requirements mitigation and recovery
- No more than 4 unplanned outages at 94% of PODs excluding transfer PODs
- No NW initiated alternating current intertie separation (loss of all 3 California-Oregon Intertie lines) at power levels causing loss of firm load, generation dropping, or load tripping

Work Environment Targets (SBOs 5, 7)

- Recordable injuries <2.5 per 100 employees
- All BPA employees understand the Agency Purpose and business direction. Minimum acceptable for FY 1997 is 75%
- All managers understand their roles, responsibilities, and accountabilities

Customer Satisfaction Targets (SBO 1)

- Increase current overall customer satisfaction rating from 54% to 65% “satisfied” with BPA, including at least 12% “extremely satisfied.”

Financial Targets (SBOs 2, 3, 4)

- Net revenues of at least \$51.0 million
- Total capital expenditures less than or equal to \$258 million
- Financial reserves at end of year \geq \$340 million

These objectives present a long-term focus which is designed to position Bonneville for the future. As BPA continues to meet its public responsibilities through commercial success, both the objectives and performance measures are subject to change in order to maintain their relevance to management decisions.

Significant Accomplishments and Program Shifts:

Bonneville's FY 1999 budget reflects the significant financial and business events of the past year that have shaped Bonneville's response to the ongoing competitive pressures of the region's electric utility industry. Throughout the past year Bonneville continued budget and FTE reductions necessary to enhance its competitive, cost-effective delivery of business-line utility products and services and continued delivery of the public benefits of its operations, while ensuring its ability to continue to make its payments to the Treasury on time and in full. Bonneville has completed three major cost reductions since early 1995. Combined, these cost reductions have reduced planned annual operating expense levels for FY 1996-2001 by an average \$600 million from the levels in the FY 1995 Congressional budget, down nearly to the average actual operating expense level for FY 1993-1995.

Bonneville's cost reductions have had a major impact on the agency's human resource levels, both Federal full-time equivalents (FTE) and contractor full-time equivalents (CFTE). In 1994, Bonneville established targets of reducing its FTE by 500 and its CFTE by 500, by FY 1997 as part of its competitive efforts. As a result of cost cutting, reorganization, and the availability of voluntary separation incentive authority (VSI) Bonneville has achieved its target goals. Despite the success of a 4-year effort to reduce its regular and contractor staff by 20 percent, further reductions are necessary. Bonneville currently has additional reduction targets over the next two years. The FY 1999 budget reflects a Bonneville FTE level of 2,755, the lowest level in at least two decades.

The organizational downsizing and cost-cutting have yielded benefits to Bonneville's ratepayers. Whereas Bonneville initially proposed to raise its power and transmission rates at the beginning of the 1996 rate process, it completed the process with an average 13 percent rate reduction for preference customers (public utilities, municipalities and cooperatives) stabilized over 5 years. While the amount of the decrease for customers individually varies with each customer's mix of products and services purchased, Bonneville estimates that the average rate for priority firm power is 2.44 cents per kilowatt-hour, down from the previous average rate of 2.81 cents.

To achieve the rate reduction, Bonneville produced new, unbundled products and negotiated power sales contracts with its Northwest preference customers and 10 direct service industries. The new contracts provide a high degree of assurance that Bonneville can cover its costs through FY 2001 while enabling customers that wanted to diversify suppliers to do so. A higher proportion of contracts is now take-or-pay, reducing the risk of under recovery of costs. This ability to stabilize our customer load will provide Bonneville with additional time to meet anticipated future changes in the electric power industry and help assure our ability to meet Bonneville's Treasury payment obligations. Our goal has been to simultaneously become price competitive on a long-term basis, to bring enough stability to costs and revenues to retain customers, and to revise resource and marketing programs to reflect major changes in the agency's resource base and environmental obligations.

The rate certainty provided by Bonneville's 1996 final rates has been augmented by the implementation of the Bonneville Appropriations Refinancing Act (part of the Omnibus Consolidated Recissions and Appropriations Act of 1996) that refinanced Bonneville's outstanding repayment obligations on appropriations. The legislation called for increasing low interest rates on historic appropriations to current Treasury market rates and resetting (reducing) the principal of FCRPS appropriations unpaid as of the end of FY 1996. New principal amounts were established as of the beginning of FY 1997, at the present value of the principal and annual interest payments BPA would make to the Treasury for these obligations in the absence of the Act, plus \$100 million. The new principal amounts were then assigned new interest rates based on the Treasury yield curve rates prevailing at the end of FY 1996. BPA's outstanding repayment obligation on appropriations at the end of FY 1996 was \$6.7 billion, with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to \$4.1 billion, with a weighted average interest rate of 7.1 percent. As called for in the legislation, BPA submitted its calculations and interest rate assignments implementing the refinancing to Treasury for their review and approval. Treasury approved the implementation transactions in July, 1997.

Wholesale power marketing is becoming more uncertain and much more competitive in the Pacific Northwest as the electric utility industry undergoes wholesale deregulation. In 1995, demands on Bonneville for power dropped suddenly as the effects of wholesale electricity deregulation took hold, causing Bonneville to withdraw from the 248-megawatt Tenaska power project. As a result, Tenaska Power Partners II and Chase Manhattan Bank (Chase), which provided the project funding, sued Bonneville for damages. Bonneville settled the lawsuit with Chase in June, 1996, agreeing to pay to Chase \$115 million. The money paid Chase will directly offset any additional money Bonneville may be found to owe Tenaska Washington Power Partners II. The Tenaska claim has been submitted to binding arbitration.

Bonneville faces unprecedented challenges in continuing its service to the Pacific Northwest. Market prices falling to near parity with Bonneville's rates have brought new competition, while at the same time the costs of Bonneville's commitment to rebuild salmon runs have risen sharply. Congress and the Administration have helped immensely by providing certainty to BPA's contribution to Northwest fish and wildlife restoration and mitigation. BPA, the Administration, and other agencies finalized an interagency agreement. The agreement ensures a stable level of fish and wildlife costs through 2001, while also confirming BPA's obligation to fund fish and wildlife activities for the 1995 Biological Opinion (BO) of the National Marine Fisheries Service (NMFS). Under the agreement, BPA will spend an average of \$252 million each year for fish and wildlife direct spending, plus whatever it costs to implement the hydro operations called for under the Biological Opinion. These hydro operations are estimated at \$90 million to \$280 million per year, depending on water supplies and market conditions. The \$435 million annual average cost of the fish "cap" reported in the print and communications media refers to the combined cost of BPA spending, hydro operations and related costs. Included with the budget schedules section of this budget document is the current tabulation of the history and forecasted future costs of BPA's fish and wildlife investments.

Related to this, in 1995, the Administration completed an agreement with members of the Northwest Congressional Delegation. This agreement recognized Bonneville's use of Section 4(h)(10)(C) of the Northwest Power Act to apply credits to Bonneville's Treasury payment for previous Bonneville expenditures attributable to non-power hydro project costs collected through Bonneville power rates. Under the agreement, Bonneville will receive annual credits on a permanent basis for its fish and wildlife expenditures. Bonneville is allowed credits for power purchase costs relating to its fish and wildlife programs in Fiscal Years 1997-2001, and is able to access historical credits for certain purposes as described below.

In October 1995, the OMB in a letter to Congress, reiterated and extended the Administration's commitments made earlier. One of the program elements that the OMB Director elaborated on was that the Administration will establish a BPA Fish Cost Contingency Fund consisting of credits to be used by BPA against fish and wildlife costs under certain conditions. BPA has certified in February, 1997, to the Treasury that the amount of available, but unused, credits is approximately \$325.2 million.

As discussed in the September 13, 1996, interagency "Memorandum of Agreement concerning The Bonneville Power Administration's Financial Commitment for Columbia River Basin Fish and Wildlife Costs" (MOA), BPA may access the fund when (1) court-ordered changes increase the cost of BPA's fish and wildlife Plan above specified target levels in the MOA; (2) when adverse hydro conditions cause the sum of decreases in nonfirm revenue and increases in power purchases to exceed a threshold value; and (3) when natural disasters or fishery emergencies result in additional system operations beyond those described in Part V (a) of the MOA. The credits for the certain emergencies are limited to an aggregate amount of no more than the \$15 million per year. In order to implement the Administration agreement in the anticipated timely manner, financial information, approximate to that provided in the BPA certification was included in the BPA final 1996 Wholesale Power and Transmission Rate Case, which covers the five year period of FY 1997 through FY 2001.

The Congress also enacted language to establish the residential exchange program benefits for FY 1997 while providing Conference Report language stating that, consistent with the Comprehensive Review of the Northwest Energy System, Bonneville and its customers should work together to gradually phase out the residential exchange by October 1, 2001. Consistent with the report language, Bonneville has reached settlement agreements with all publicly-owned utilities that have participated in the exchange program and all but one investor-owned utility.

As the electric utility industry in the Pacific Northwest continues its restructuring and competitive development under wholesale deregulation, and Bonneville's competitive needs evolve, due to dynamic economic conditions, weather, institutional changes from the region's Comprehensive Regional Review of the Pacific Northwest's power system and structure, and other factors, these budget estimates may have to change to enable Bonneville to meet its statutory responsibilities and obligations.

The Comprehensive Review of the Northwest Energy System (the Regional Review) was convened on January 4, 1996, by the governors of Idaho, Montana, Oregon, and Washington. The Regional Review was conducted by a special, independent steering committee. It served as a forum for discussion about the restructuring of the electric utility industry and what this restructuring will mean to the Pacific Northwest. The need for the regional forum was driven by deregulation and competitive changes in the wholesale power industry nationally. The governors received the Regional Review proposal on December 12, 1996. From BPA's perspective, the recommendations accomplish four important objectives: (1) creating the opportunity to retain the benefits of the Northwest Federal hydrosystem for Northwest consumers, (2) fostering the use of the Federal transmission system to help achieve a competitive power market for the benefit of all consumers, (3) improving the likelihood that taxpayers and bondholders will have their investment repaid, and (4) creating a funding mechanism for preserving important public benefits.

In December, 1996, upon release of the Regional Review's final report, Bonneville and other regional parties immediately began to explore the actions necessary to implement the Regional Review recommendations. To monitor, guide, and evaluate progress of the recommendations, in early 1997, the Governors' Representatives formed a Transition Board. Bonneville is working closely with the Transition Board, customers, and other regional parties to refine--not change or reinvent--the Regional Review's results. If there are unforeseen barriers to implementing the Regional Review's recommendations, Bonneville will bring such issues to the Transition Board's attention.

The Northwest Congressional delegation asked the Governors' Transition Board in June 1997 to work with the Northwest Power Planning Council (Council) to establish a forum on Bonneville cost management issues. As a result of this request, Bonneville and the Council are jointly conducting a review of BPA's future cost projections. Bonneville and the Council will regularly consult with customers, constituents, Northwest Tribes and other interested parties throughout the cost review. The review will be guided by a management committee composed of representatives of the Council, Bonneville and executives from private industry. At the request of Congress, a report summarizing the results of the cost review and identifying specific recommendations will be submitted to the Senate and House Committees on Appropriations in March 1998.

**DEPARTMENT OF ENERGY
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FY 1999 CONGRESSIONAL BUDGET**

OVERVIEW OF PERFORMANCE SUMMARIES

BPA's performance summaries that follow present budget requirements of budget line items (BLI) on the basis of accrued expenditures. Accrued expenditure is the basis of presenting BPA's program funding levels in the power and transmission rate making processes, and is naturally, the basis upon which BPA managers control their resources to provide products and services. Accrued expenditures relate costs to performance. Traditional budget obligation requirements for BPA's budget are shown on the Program and Performance Schedule prepared in accord with OMB Circular A-11.

The FY 1999 budget and these performance summaries reflect BPA's business line basis for utility enterprise activities. BPA has three major areas of activity on a consolidated budget and accounting basis: 1) Power, 2) Transmission, and 3) Conservation and Energy Efficiency. The Power business line includes line items for Fish and Wildlife, Residential Exchange, Associated Projects O&M Costs and Planning Council. Environmental activities are shown in the relevant business line, and in accord with OMB Circular A-11 guidance for revolving funds, reimbursable costs are incorporated within the associated business lines. All programs funded in advance will be fully funded by benefiting entities. BPA's interest expenses, pension & post-retirement benefits and its capital transfers to the Treasury are shown by program.

The first section of performance summaries, Capital Investments, includes accrued expenditures for investments in electric utility and general plant associated with the Federal Columbia River Power System's (FCRPS) generation and transmission services, conservation and energy efficiency services, fish and wildlife, and capital equipment. These capital investments will require budget obligations and new borrowing authority of \$258 million in FY 1999, \$12 million less than forecast for FY 1999 in last year's Congressional budget submission.

BPA's second section of the performance summaries, entitled Annual Operating Expenses, includes accrued expenditures for business line and program activities financed by power sales and transmission services revenues and projects funded in advance. For FY 1999, these expenses will require budget obligations of \$2,055 million. The total program requirements of all BPA programs include estimated budget obligations of \$2,313 million in FY 1999.

**DEPARTMENT OF ENERGY
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TRANSMISSION - CAPITAL

I. Mission Supporting Goals and Objectives:

The Transmission Business Line provides for all additions, upgrades, and replacements to the Federal transmission system in the Pacific Northwest, allowing reliable service to be provided to Northwest industrial users and utility customers. The transmission system also allows for the sale and exchange of power to and from the region.

The system replacement plan is to replace high-risk, obsolete, and maintenance-intensive facilities and equipment and to reduce catastrophic equipment failure by: 1) replacing high voltage transformers and power circuit breakers which are at or near the end of their useful life; 2) replacing risky, outdated and obsolete control and communications equipment; and 3) replacing all other existing high-risk equipment and facilities affecting the safety and reliability of the transmission system.

BPA's operational telecommunications system is being upgraded to include fiber optics. The main reason is to produce a more reliable and flexible communications system to monitor, control, and operate the power system at almost 400 sites in BPA's service area. The existing analog microwave system is exceeding its capacity, approaching the end of its useful life, is no longer manufactured, has limited spare parts availability, and does not easily support digital signals. In addition, Bonneville's radio frequencies, especially in the two gigahertz range, could be at risk of becoming unavailable for our use due to potential spectrum auction legislation and subsequent future Federal Communications Commission spectrum auctions. Moving to fiber optic technology removes this risk.

II. Funding Schedule of Accrued Expenditures:

(Dollars in thousands)

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Main Grid	\$ 30,800	\$ 21,300	\$ 18,800	\$ -2,500	-12%
Area & Customer Services	13,700	14,000	20,600	6,600	47%
Upgrades & Additions	51,600	58,000	43,400	-14,600	-25%
Replacements	38,500	53,400	53,000	-400	-1%
Projects Funded in Advance	16,000	29,700	29,200	-500	-2%
	-----	-----	-----	-----	-----
Total, Transmission Services - Capital	\$ <u>150,600</u>	\$ <u>176,400</u>	\$ <u>165,000</u>	\$ <u>-11,400</u>	<u>-6%</u>

III. Performance Summary:

Main Grid

FY 1997 FY 1998 FY 1999

- Major accomplishments FY 97: (1) Completed final construction of the Bellingham Area Reinforcement facility. This facility will improve the transfer capability between British Columbia and the Northwest by 850 MW and optimize the use of regional resources; (2) completed final construction of the Northwest Montana/North Idaho Support facility. This facility maintains reliable service in that area; (3) completed design, material acquisition and construction of 230-kV and 500-kV shunt capacitor additions at Big Eddy, John Day and Hanford substations. Without these, the operation of the AC Intertie would be significantly reduced during certain generating patterns necessary to meet fish spill requirements, and would also result in significant loss of revenue; (4) started preliminary engineering and design work on the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage.
- Planned major accomplishments FY 98: (1) Complete design, material acquisition and construction of a 500-kV shunt capacitor addition at Pearl substation. This project will prevent a blackout situation during winter conditions in the Portland, Oregon and surrounding areas; (2) complete design work and begin material acquisition and construction of the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage; (3) complete design, material acquisition and construction of a 230-kV shunt capacitor addition at Fairmount Substation. This addition will prevent a blackout situation during winter conditions in the Olympic Peninsula area in the state of Washington; (4) complete design, material acquisition and construction of 115-kV shunt capacitor additions to Sand Creek Substation. This addition will help to prevent a blackout during winter conditions to loads fed by the BPA system between Bonners Ferry, Idaho and Libby, Montana; (5) complete design, material acquisition and construction of 230-kV shunt capacitor additions at Martin Creek Substation. This will prevent a brownout scenario during winter conditions to BPA loads in the southern Oregon part of the system; (6) continue preliminary engineering and design for various transmission system, system reactive, and system efficiency improvements. These facilities will be

required to maintain reliable service for the BPA service area.

- Planned major accomplishments FY 99: (1) Complete design, material acquisition and construction of 115-kV shunt capacitor additions at Benton City or Grandview Substations and at Republic Substation to prevent unacceptable low voltages in the surrounding areas; (2) complete design, material acquisition and construction of 230-kV shunt capacitor additions at Keeler, Pearl and Midway Substations. These additions will provide additional reactive support to prevent brownouts or blackouts as well as help to achieve higher AC Intertie transfer capability; (3) complete material acquisition and construction of the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage;

Total Main Grid	<u>\$30,800</u>	<u>\$21,300</u>	<u>\$18,800</u>
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Area & Customer Services

<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
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- Major accomplishments FY 97: (1) Continued construction of the Columbia Falls Transformer Addition to integrate the full capacity of the upgraded generation at Hungry Horse Dam; (2) continued design of the Teton Area Reinforcement facility needed to prevent low voltages in the Teton, Idaho, and Jackson, Wyoming, area; (3) completed final construction work of the Olympia Transformer Support facility to maintain reliable service in the southern Puget Sound area; (4) major design work completed and material acquisition and construction started for the Minidoka Area Service which is required to upgrade the transmission system to accommodate the USBR Minidoka generating plant rebuild; (5) completed design, and continued material acquisition, and construction for the Chehalis Transformer Support facility, which will maintain reliable service in the Chehalis, Washington, area; (6) continued preliminary engineering and design for miscellaneous facilities required to maintain reliable service for the BPA service area.
- Planned major accomplishments FY 98: (1) Complete construction of the Columbia Falls Transformer Addition; (2) complete design, material acquisition and construction of The Dalles Area Support to prevent unacceptably low voltages and line overloads in The Dalles Area; (3)

complete major design work on the Albany-Eugene Rebuild to integrate full loads in to the City of Halsey/Eugene Area; (4) continue preliminary engineering and design for miscellaneous facilities required to maintain reliable service for the BPA service area.

- Planned major accomplishments FY 99: (1) Complete design and material acquisition of the Shelton-Kitsap 230-kV transmission line rebuild required to maintain reliability to the Kitsap/Peninsula Area; (2) complete design, material acquisition and construction of the Albany-Eugene Rebuild; (3) complete design, material acquisition and construction of the Redmond Area Support to prevent low voltages and transformer overloads in the Redmond Area; (4) continue preliminary engineering and design for miscellaneous facilities required to maintain reliable service for the BPA service area.

Total Area & Customer Services	<u>\$13,700</u>	<u>\$14,000</u>	<u>\$20,600</u>
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Upgrades & Additions

<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
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- Major accomplishments FY 97: (1) Completed the Supervisory Control Data Acquisition (SCADA) Master Replacement at Dittmer and Munro Control Centers; (2) completed relay upgrades at Lower Monumental, McNary, Sacajawea and Slatt Substations; (3) completed design, material acquisition, and construction of the SCADA Backup for Emergencies (Phase 2). The backup will provide supervisory control and monitoring of all substations at Dittmer and Munro Control Centers; (4) completed installation of the J-microwave system upgrade; (5) completed the Real Time Information Network (RIN) and the Transmission Scheduling Information Network (TSIN) Phase II application development at the Dittmer Control Center; (6) completed the mapboard installation at the Munro Control Center; (7) completed design, material acquisition and construction for the St. Helens-Allston 115-kV line reconductor to upgrade an existing California-Oregon Intertie transmission overload condition; (8) completed design, material and continued construction for the Slatt-John Day 500-kV line reconductor to upgrade an existing California-Oregon Intertie transmission overload condition.
- Planned major accomplishments FY 98: (1) Begin design and material acquisition for the High Voltage Direct Current (HVDC) Master Controller at Celilo to provide a simplified scheduling

interface that will allow scheduling of the DC Intertie based on required power transfer from the dispatchers; (2) begin design for Alternate AGE at Munro Control Center; (3) begin design for upgrading the Realtime Operation and Dispatch Scheduling Data Interface Subsystem (RODS DIS) hardware; (4) continue with the development and installation of the Open Access Sametime Information System (OASIS) and the Scheduling Computer Project (SCP); (5) continue with the installation of the Dispatchers Training Facility--Phase 2 (RODS Clone) at Dittmer Control Center; (6) complete design, material acquisition, and construction of several fiber optics facilities, which will provide future bandwidth capacity that will allow high-speed data transfers and replace current microwave radios which are becoming technologically obsolete and nearing the end of their useful life; (7) start design and installation of Single Pole Relaying on the Big Eddy-John Day 500 kV transmission line; (8) complete and continue preliminary engineering, design, material acquisition, and construction for various system additions that are required to maintain reliable service for the BPA service area.

- Planned major accomplishments FY 99: (1) Begin design for the Breaker Failure Protection Retrofit, Phase 8; (2) begin design for the Dynamic Security Assessment for the Dittmer Control Center; (3) begin design for the replacement of the "B" microwave system; (4) complete and continue preliminary engineering, design, material acquisition, and construction

Total Upgrades & Additions	<u>\$51,600</u>	<u>\$58,000</u>	<u>\$43,400</u>
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System Replacements

<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
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Non-Electric Replacements

- Major accomplishments FY 97: (1) Completed fuel tank replacement, Welding Shop air filtration repair, and Chemistry Laboratory upgrade at the Ross Complex; (2) completed grounding replacements at Forest Grove, Brush College, and Columbia Substations; (3) completed new switchyard surfacing at Addy and Rainbow Substations; (4) completed switchyard addition at Detroit Substation; (5) completed paving Heatline Storage Area at Bell Substation; (6) completed earthquake damage at Monroe Substation; (7) completed Heating Ventilation and Air Conditioning (HVAC) system in the control house at John Day Substation.

TRANSMISSION SERVICES - CAPITAL (Cont'd)

- Planned major accomplishments FY 98: (1) Continue the Bell remodel and upgrade; (2) complete various other non-electric replacements as necessary.
- Planned major accomplishments FY 99: Complete various non-electric replacements as necessary.

Transmission Line Replacements

- Major accomplishments FY 97: (1) Replaced about 400 deteriorating wood pole transmission line structures; (2) completed major tower relocation caused by landslide on North Bonneville-Midway transmission line; (3) completed tower relocations on two different transmission lines: Monroe - Custer #1 and Olympia - Cosmopolis #1; (4) completed major repairs as a result of storm and ice damage, on Schultz - Raver #1 & #2 transmission lines.
- Planned major accomplishments FY 98: (1) Continue replacing about 500 deteriorating wood pole transmission line structures; (2) continue major tower relocation caused by landslide on Satsop - Aberdeen #2 & #3 transmission line; (3) continue to relocate structures on Keeler - Tillamook #1 transmission line.
- Planned major accomplishments FY 99: Replace various transmission line structures as necessary.

Substation Replacements

- Major accomplishments FY 97: (1) Completed replacement of 115-kV power circuit breakers at Grandview and Nasselle Substations; (2) completed replacement of 230-kV power circuit breakers at Maple Valley and Chief Joseph Substations; (3) completed replacement of 500-kV power circuit breaker at Lower Monumental Substation; (4) completed reclaiming of 2-230 kV converter transformers at Celilo DC Converter Station.

- Planned major accomplishments FY 98: (1) Continue replacement of one failed Celilo DC transformer unit; (2) rebuild one converter transformer at Celilo; (3) continue replacement of high-risk 500-kV breakers at Lower Monumental Substation; (4) continue replacement of 230-kV power circuit breakers at Snohomish, Maple Valley, Vantage and Conkelley Substations; (5) continue replacement of 115-kV power circuit breakers at Benton and Franklin Substations; (6) continue replacement of high-risk 500-kV breaker at Vantage Substation.
- Planned major accomplishments FY 99: Replace substation equipment as necessary using reliability-centered replacement (RCR) criteria.

System Protection Replacements

- Major accomplishments FY 97: Replaced numerous relays, annunciators, oscillograph devices for system protection to maintain reliability.
- Planned major accomplishments FY 98: Replace system protection equipment as needed to maintain reliability using reliability-centered replacement criteria.
- Planned major accomplishments FY 99: Replace system protection equipment as needed to maintain reliability using reliability-centered replacement criteria.

System Control Replacements

- Major accomplishments FY 97: Replaced SCADA, radios, telemetering and transfer trip devices for system control to maintain reliability.
- Planned major accomplishments FY 98: Replace system control equipment as needed to maintain reliability using reliability-centered replacement criteria.
- Planned major accomplishments FY 99: Replace system control equipment as needed to maintain

reliability using reliability-centered replacement criteria.

Total Replacements	<u>\$38,500</u>	<u>\$53,400</u>	<u>\$53,000</u>
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Projects Funded in Advance

This category includes those facilities and/or equipment where BPA retains ownership but which are funded by another entity, either in total or in part through a cost-share agreement.

- Major accomplishments FY 97: (1) Completed final construction of the Bellingham Area Reinforcement facility. This facility will improve the transfer capability between British Columbia and the Northwest by 850 MW and optimize the use of regional resources; (2) started preliminary engineering and design work on the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage.
- Planned major accomplishments FY 98: (1) Complete design work and begin material acquisition and construction of the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage; (2) perform environmental cleanup and other work necessary for the sale of BPA facilities; (3) other projects as requested by customers.
- Planned major accomplishments FY 99: (1) Complete material acquisition and construction of the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage; (2) perform environmental cleanup and other work necessary for the sale of BPA facilities; (3) other projects as requested by customers.

Total Projects Funded in Advance	<u>\$16,000</u>	<u>\$29,700</u>	<u>\$29,200</u>
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TRANSMISSION SERVICES - CAPITAL (Cont'd)

Total Transmission Services - Capital	<u>\$150,600</u>	<u>\$176,400</u>	<u>\$165,000</u>
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SIGNIFICANT FUNDING CHANGES FROM FY 1998 TO FY 1999:

MAJOR ISSUES: None

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET
POWER SERVICES - CAPITAL

I. Mission Supporting Goals and Objectives:

Associated Project Costs provide for direct funding of additions, improvements and replacements of existing U.S. Bureau of Reclamation and Corps of Engineers hydroelectric projects in the Pacific Northwest. The Bureau and Corps provide power production which is marketed by Bonneville and investing in additions, improvements, and replacements provides for increased performance and availability of generating units. BPA is currently working with the Bureau and Corps to identify opportunities which increase system reliability and output.

The Fish and Wildlife program provides for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries pursuant to Section 4(h) of the Northwest Power Act. BPA discharges a major portion of its fish and wildlife responsibilities and reduces the Administrator's obligation, by funding projects and activities designed to be consistent with the Northwest Power Planning Council's (Planning Council) Fish and Wildlife Program. BPA is also mandated to implement measures called for under the Endangered Species Act. These measures are part of the biological opinions (BO) issued by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro system. The capital associated with implementing the reasonable and prudent alternatives of the BOs that relate to BPA's direct fish and wildlife program are included in this budget projection. Additionally, this capital budget reflects, and is consistent with, the fish and wildlife budget agreement announced by the Administration in October 1995 and the Memorandum of Agreement of September 1996 that calls for BPA fish and wildlife funding of \$252 million per year and operations estimated to result in lost revenues and purchased power costs of \$90-\$280 million per year for the period FY 1996 through FY 2001.

BPA's fish and wildlife capital program is directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to increase juvenile fish passage at mainstream dams, increase fish production and survival through construction of hatchery and acclimation facilities, fish monitoring facilities and fish habitat enhancement. Funding is also included for pre-engineering design and studies for new and developing projects. The priority for capital project funding will focus first on implementing the reasonable and prudent alternatives contained in the NMFS and USFWS Biological Opinions and

second, on implementing the Planning Council's Fish and Wildlife Program. A current goal of the Planning Council, and one supported by BPA, is that projects funded under both Bonneville's direct program as well as the reimbursable and capital investment components of the other Federal agencies will be reviewed and prioritized as part of a regional planning initiative process.

The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Power Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Council's fish and wildlife program." And, "... in making its recommendations to BPA, the Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

II. Funding Schedule of Accrued Expenditures:

(Dollars in thousands)

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Associated Project Costs	\$ 27,000	\$ 49,700	\$ 74,000	\$ 24,300	49%
Fish & Wildlife	27,000	27,000	27,000	--	--
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Total, Power Services -	\$ 54,000	\$ 76,700	\$ 101,000	\$ 24,300	32%
Capital	=====	=====	=====	=====	=====

III. Performance Summary: Major Accomplishments

Associated Project Costs

FY 1997 FY 1998 FY 1999

- Continue work with both the Corps and the Bureau to reach mutual agreement on which capital improvement projects need to be budgeted and scheduled, are cost effective and are of mutual benefit to provide system or site specific enhancements and efficiencies. These types of projects are in line with BPA's Strategic Business Objectives (SBOs) to keep the power system reliable, be the low cost provider, and operate in a more business-like manner.

- Corps of Engineers (known projects to date):

FY 97: Completed work on The Dalles Unit Nos. 7&9 Rewind. Began work on The Dalles, Units 15-22 Exciters Replacements. Continued work on Ice Harbor Unit 5 generator repair. Started work on Power System Reliability Improvements.

FY 98: Continue work on The Dalles Exciter Replacements. Complete Ice Harbor Unit 5 generator repair. Continue work on the Power System Reliability Improvement.

FY 99: Continue work on Power System Reliability Improvement.

- Bureau of Reclamation (known projects to date):

TOTAL Associated Project Costs

\$27,000 \$49,700 \$74,000

Fish & Wildlife

FY 1997 FY 1998 FY 1999

- Although the regional prioritization process for projects to be recommended for funding in FY 1999 is not yet complete, and is not expected to be completed until September, 1998, the following projects are candidates for capital funding. It is BPA's intention to proceed with design and construction of those projects from this list that are recommended for funding within the available budget. The costs indicated are preliminary estimates only and actual costs may be greater or lower than those estimates depending on final design and construction costs.

1. Anadromous fish supplementation facilities in the Yakima River Basin, Methow River Basin and Upper Snake River Basin include the following projects:

Hanford K-Basin Fall Chinook. The Hanford K-Basin fall chinook acclimation and Master Plan development in Hanford, Washington, which adjoins the Yakima River Basin, is for the development of a master plan to assess potential uses of the non-radioactive cooling water intake settling ponds constructed for the now deactivated Hanford Nuclear Reservation K-Reactor. The settling ponds have potential as a facility for fisheries enhancement and supplementation. The project also includes a fall chinook supplementation activity designed to enhance the adult return of fall chinook to the Hanford Reach of the Columbia River.

Wenatchee and Methow Rivers Coho Salmon. The Wenatchee and Methow Rivers coho salmon restoration in the Mid-Columbia River region of Washington. is for the design and construction of acclimation and adult collection facilities.

Yakima River and Marion Drain Fall Chinook. The Yakima River fall chinook supplementation along the Yakima River near Yakima, Washington is for the design and construction of fish rearing, acclimation, and adult collection facilities on the lower Yakima River and Marion Drain irrigation return canal. These activities will occur near the cities of Yakima and Prosser, Washington.

Yakima River Coho Restoration. The purpose of this project is to determine the feasibility, design and construction of acclimation sites in the Yakima River at various locations. This

POWER SERVICES - CAPITAL (Cont d)

project may include producing coho as part of the Yakima Indian Nation's salmon enhancement Program. A long-range goal of the Yakima Indian Nation is to see the return of naturally spawning coho back to the Yakima River.

Johnson Creek Summer Chinook. Johnson Creek summer chinook salmon restoration in South Fork Salmon Basin of Idaho is to develop, construct, and implement facilities for adult collection and holding, juvenile rearing, and acclimation. Master Plan is under development in 1997.

Spring Chinook Captive Broodstock for the Snake River. The Upper Snake River spring chinook captive broodstock program includes juvenile fish acclimation sites and adult collection facilities located within the Grande Ronde River Basin in Northeast Oregon and captive Broodstock hatchery rearing facilities located at the Bonneville Dam site hatchery in Oregon and at the National Marine Fisheries Service research station, Manchester, Washington.

Upper Snake River Spring Chinook Salmon Acclimation and Adult Collection. Upper Snake River spring chinook salmon captive Broodstock acclimation and adult collection facilities will be located on the Upper Grande Ronde River near La Grande, Oregon, on the Catherine Creek near Union, Oregon, and on the Lostine River near Enterprise, Oregon.

Upper Snake River Spring Chinook Salmon Broodstock Rearing Facility. A Spring chinook salmon captive Broodstock rearing facility will be located both at Manchester, Washington, and at Bonneville Dam hatchery, Oregon, for the purpose of rearing successive generations of juveniles to preserve the genetic integrity of Upper Snake river spring chinook salmon.

2. The Billy Shaw Reservoir resident fish substitution project on the Duck Valley Indian reservation near Owyhee, Nevada. The purpose of this facility is for resident fish production as a substitution for the loss of anadromous fish due to the construction and operation of the Federal Columbia River Power System. The facility involves the design and construction of a reservoir approximately 430 surface acres in size to rear various resident fish species.

POWER SERVICES - CAPITAL (Cont d)

3. The resident trout fish culture facility in Southeast Idaho or the Snake River Resident Fish Production Facility: This facility will be located in Hagerman Valley, Idaho. The purpose of this facility is for resident fish production as a substitution for the loss of anadromous fish due to the construction and operation of the Federal Columbia River Power System. This facility is intended to provide a supply of various species of trout for residents of the Duck Valley Indian Reservation, Nevada, and the Fort Hall Indian Reservation, Idaho. The facility involves the purchase of an existing hatchery facility and construction upgrades.

Continue construction on the Yakima and Umatilla River hatcheries, and the Yakima Screens Facilities Phase II. Complete final design and initiate construction of the Nez Perce Hatchery, and initiate final design of the Bonneville Dam Fish Sampling Facility.

Construct habitat improvement passage projects and small irrigation screening projects including development and enhancement of model watersheds.

Continue implementation of high priority Endangered Species Act related projects, and activities associated with the National Marine Fisheries Service Biological Opinion.

Continue acquisition and installation of pit tag monitors at federal dams in Snake and lower Columbia rivers.

TOTAL Fish & Wildlife	<u>\$27,000</u>	<u>\$27,000</u>	<u>\$27,000</u>
TOTAL Power Services - Capital	<u>\$54,000</u>	<u>\$76,700</u>	<u>\$101,000</u>

POWER SERVICES - CAPITAL (Cont d)

SIGNIFICANT FUNDING CHANGES FROM FY 1998 TO FY 1999

Associated Project Costs: Funding increase is due to ramping up of the turbine runner and transformer replacements at Grand Coulee, power system reliability improvements, and increases for system maintenance activities. \$24,300

Major Issues: none

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET**

CONSERVATION AND ENERGY EFFICIENCY - CAPITAL

I. Mission Supporting Goals and Objectives:

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized, BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation activities and development of energy efficiency services while facilitating activities which meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest.

II. Funding Schedule of Accrued Expenditures:

(Dollars in thousands)

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Legacy Conservation	\$ 27,000	\$ 21,200	\$ 3,900	\$ -17,300	-82%
Market Transformation	100	0	0	0	--
Market Development	0	5,000	5,000	0	--
	-----	-----	-----	-----	-----
Total, Conservation and Energy	\$ 27,100	\$ 26,200	\$ 8,900	\$ -17,300	-66%
Efficiency - Capital	=====	=====	=====	=====	=====

III. Performance Summary: Major Accomplishments

<u>Legacy Conservation</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<ul style="list-style-type: none"> Support utilities in transition to locally funded conservation programs, and development of local conservation plans to meet specific customer needs. Ongoing program areas include residential, commercial, industrial, agricultural conservation acquisitions. Began researching markets for energy efficiency services. Collaboratively developed future directions for implementation of Bonneville's conservation responsibilities with customers, interest groups, local, state and federal agencies, and other external entities. Complete local conservation plans for utilities in Bonneville's service territory. Oversee and monitor program close-out for residential, commercial, industrial, agricultural and conservation acquisitions. 			
TOTAL Legacy Conservation	<u>\$27,000</u>	<u>\$21,200</u>	<u>\$3,900</u>
<u>Market Transformation</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<ul style="list-style-type: none"> BPA Market Transformation activities which previously have been capitalized are now being performed through the regionally funded Northwest Energy Efficiency Alliance and are included in the Conservation and Energy Efficiency, Market Transformation expense category. 			
TOTAL Market Transformation	<u>\$100</u>	<u>\$0</u>	<u>\$0</u>

CONSERVATION AND ENERGY EFFICIENCY SERVICES - CAPITAL (Cont d)

Market Development

FY 1997 FY 1998 FY 1999

- Bonneville is supporting utility transition to locally funded programs through offering alternative financing mechanisms, local planning and collaborative policy development. Bonneville is collaboratively working with utilities to locate non-governmental sources of funds for running utility-specific conservation programs. It is intended that the alternative funding mechanism is a short-term transition option to support utilities, rather than a permanent feature of Bonneville's new approaches to implementing its conservation responsibilities. The BPA plan stresses that reliance on incentives to encourage consumer participation in Bonneville conservation programs should be replaced with other approaches that are more market-driven and results oriented. Bonneville will operate within the 13 guidelines established as part of the Regional Review including the guidance for market development activities to be self-supporting by FY 2000.

TOTAL Market Development

\$0 \$5,000 5,000

TOTAL Conservation and Energy Efficiency - Capital

\$27,100 \$26,200 \$8,900

SIGNIFICANT FUNDING CHANGES FROM FY 1998 TO FY 1999

Legacy Conservation: Funding is substantially reduced due to close-out of conservation acquisition programs.

-\$17,300

Major Issues: None

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET**

CAPITAL EQUIPMENT/CAPITALIZED BOND PREMIUM

I. Mission Supporting Goals and Objectives:

This activity provides for the acquisition of general and dedicated special purpose capital automatic data processing (ADP) equipment, development of capitalized ADP software, and acquisition of special-use capital furniture and equipment in support of BPA's strategic objectives. This budget category provides the BPA business lines with the ability to acquire general and dedicated special purpose capital automatic data processing (ADP) equipment. This activity also provides the ability for developing capitalized ADP software, and acquiring of special-use capital furniture and equipment for BPA to meet its strategic business objectives.

Bonneville Power Administration incurs a bond premium whenever it repays a bond before the due date. When bonds are refinanced, the bond premiums incurred are capitalized. Historically, BPA generally has chosen to finance capitalized bond premiums with bonds issued to the U.S. Treasury, as was envisioned in the Federal Columbia River Transmission System Act of 1974.

II. Funding Schedule of Accrued Expenditures:

(Dollars in thousands)

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Capital Equipment	\$ 12,000	\$ 8,800	\$ 7,400	\$ -1,400	-16%
Capitalized Bond Premium	8,000	5,000	5,000	0	0%
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TOTAL Capital Equipment/ Capitalized Bond Premium	\$ 20,000	\$ 13,800	\$ 12,400	\$ -1,400	-1
	=====	=====	=====	= =====	=====

CAPITAL EQUIPMENT (Cont d)

III. Performance Summary: Major Accomplishments

Capital Equipment	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<ul style="list-style-type: none">Acquire capital office furniture and equipment, capital ADP-based administrative telecommunications equipment, ADP equipment (hardware), and support capital software development for all BPA programs.			
TOTAL Capital Equipment	<u>\$12,000</u>	<u>\$8,800</u>	<u>\$7,400</u>
Capitalized Bond Premium	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<ul style="list-style-type: none">Continue to assess financial market and when cost-effective, refinance available bonds as prudent.			
TOTAL Capitalized Bond Premium	<u>\$8,000</u>	<u>\$5,000</u>	<u>\$5,000</u>
TOTAL Capital Equipment/Capitalized Bond Premium	<u>\$20,000</u>	<u>\$13,800</u>	<u>\$12,400</u>

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET

TRANSMISSION SERVICES - EXPENSE

I. Mission Supporting Goals and Objectives:

This activity provides for the transmission system services of engineering, operations and maintenance for BPA's electric transmission system of 15,000 circuit miles (23,800 circuit kilometers) of lines, 360 substations, and associated power system control and communication facilities with an invested cost of more than \$4.8 billion. Primary strategies of this program are: 1) Maintain the safety and reliability of the transmission system; 2) increase the focus on customers; 3) optimize the transmission system; and 4) improve BPA's competitive position.

II. Funding Schedule of Accrued Expenditures:

(Dollars in Thousands)

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Engineering	\$ 17,000	\$ 20,600	\$ 20,400	\$ -200	-1%
Operations	39,200	43,400	42,800	-600	-1%
Maintenance	122,700	114,800	113,600	-1,200	-1%
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Total, Transmission Services -	\$ 178,900	\$ 178,800	\$ 176,800	\$ -2,000	-1%

TRANSMISSION SERVICES - OPERATING EXPENSE (Cont d)

III. Performance Summary: Major Accomplishments

Engineering:

FY 1997 FY 1998 FY 1999

- R&D: Conduct in-house transmission system research and development, including (1) studies on reliability, HVDC (high voltage direct current) and HVAC (high voltage alternating current) outage reduction, (2) methods to uprate existing facilities and reduce maintenance costs including reliability-centered maintenance (RCM), and (3) investigation of power system monitoring and recording methods for analysis.
- Program Support: Provide general program support activities, such as planning, systems administration, ADP maintenance, workman s compensation payments, etc.
- Capital-to-Expense Adjustments: Annually, BPA analyzes its outstanding capital work orders to assess whether they should be expensed.
- Reimbursable Transactions: BPA enters into written agreements with Federal and non-Federal entities that have work or services to be performed by BPA staff at the expense of the benefiting utilities. The projects must be beneficial, under the one-utility concept, to BPA operations and to the Federal or non-Federal entity involved. Additionally, these activities contribute to more efficient or reliable construction of the Federal transmission system or otherwise enhance electric service to the region.

Total Engineering

\$17,000 \$20,600 \$20,400

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TRANSMISSION SERVICES - OPERATING EXPENSE (Cont d)

Operations

FY 1997 FY 1998 FY 1999

- Substation Operations: Perform operations functions necessary to provide electric service to customers and to protect the Government's investment in electric equipment. Includes equipment adjustments, switching lines and equipment during emergencies or maintenance, isolating damaged equipment, restoring service to customers, and inspecting equipment, reading meters, etc.
- Power System Control & Dispatching: Includes central dispatching, control, and monitoring of the electric operation of the Federal transmission system. Also includes load, frequency, and voltage control of Federal generating plants; and operation of the system control and data computers at Dittmer and Munro Control Centers.
- Operations Standards & Engineering: Includes analyzing system loads, voltage levels, outage information, stability levels and other data, and making policy recommendations for system operations and related affairs. Provides for development of control center requirements for centralized automation of substations and generation, and BPA participation with other utilities in developing utility operating standards and guides.
- Marketing, Sales, & Services: Provides management and direction of Transmission Rates, provides business strategy in marketing of transmission and ancillary products and services of the Transmission Business Line.
- Transmission Supply: Provides open access to the Federal Transmission System consistent with transmission tariffs approved by FERC. Schedule and market transmission capacity to BPA customers and Pacific Northwest's interconnected utilities. Manages the reservations and scheduling of all transmission services associated with the transmission tariffs.

Total Operations

\$39,200 \$43,400 \$42,800

TRANSMISSION SERVICES - OPERATING EXPENSE (Cont d)

Maintenance:

FY 1997 FY 1998 FY 1999

In all aspects of maintenance, Bonneville is shifting to the implementation of reliability-centered maintenance practices. This change is focused on improving system reliability and significantly reducing maintenance costs.

- Transmission Line Maintenance: Maintain and repair nearly 24,135 km (14,800 circuit miles) of high voltage transmission lines, of which over 6,436 km (4,000 circuit miles) are 500-kV transmission EHV (extra-high voltage), which is two and one-half times more labor-intensive than lower transmission voltages, although more efficient in transmission of power.
- Substation Maintenance: Provides for service and repair of the transmission system power equipment located at more than 360 work sites annually.
- System Protection Maintenance: Provides for the maintenance of relaying and metering equipment used to control and protect the electrical transmission system and to meter energy transfers for the purpose of revenue billing. Additionally, field engineering services provide technical advice and assure the correct operation of power system relaying and special control systems used to support interregional energy transmission capabilities.
- Power System Control Maintenance: Provides for the testing, repair, and field engineering support of BPA's highly complex equipment, communications and control systems, including seven major microwave systems and other critical communications and control systems that support the power system.
- Non-Electric Plant Maintenance: Provides for the maintenance of BPA's non-electric facilities. Includes site, building, and building utility maintenance; custodial services; station utility; and other maintenance service activities on BPA-owned or BPA-leased non-electric facilities.
- Maintenance Standards & Engineering: Provides for establishing, monitoring, and updating system maintenance standards, policies, and procedures; and for the review and update of long-range plans for maintenance of the electric power transmission system.

TRANSMISSION SERVICES - OPERATING EXPENSE (Cont d)

FY 1997 Accomplishments:

- Maintenance: Continued efforts to achieve the System Average Interruption Frequency Index (SAIFI) target of 4 or fewer automatic interruptions at 94 percent of BPA points of delivery (PODs) and the System Average Interruption Duration Index (SAIDI) target of 150 minutes or less of automatic interruptions at 94 percent of PODs. Reengineered the transmission organization to achieve further efficiencies. Continued to clarify maintenance geographic boundaries to better assure responsive customer support.

FY 1998 Accomplishments

- Maintenance: Implement RCM practices at all of BPA's 8 O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets as explained above.

FY 1999 Accomplishments

- Maintenance: Continue to improve performance to meet SAIFI and SAIDI targets as explained above.

Total Maintenance	\$122,700	\$114,800	\$113,600
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Total Transmission Services - Expense	\$178,900	\$178,800	\$176,800
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SIGNIFICANT FUNDING CHANGES FROM FY 1998 TO FY 1999

Major Issues: None.

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET**

POWER SERVICES - OPERATING EXPENSE

I. Mission Supporting Goals and Objectives:

Production includes all BPA strategic resource planning and business development, short and long-term power purchases, wheeling, electric utility marketing of resources, generation and oversight costs, including the large thermal nuclear projects. These activities identify the Administrator's load obligations, plans and develops products and services to meet the needs of BPA customers, and acquire resources as needed. As a means of mitigating power market risk, Bonneville is cautiously exploring the use of financial markets and is a participant in the electricity futures market which was founded in March 1996 by the New York Mercantile Exchange.

Associated Projects provide funding for power related operation and maintenance costs; minor additions, improvements, and replacements; and liabilities of the U.S. Army Corps of Engineers and U.S. Bureau of Reclamation hydroelectric projects in the Pacific which serve many purposes. Both agencies are emphasizing efficient power production from existing facilities and improvement of the performance and availability of power units. BPA pays additional financing costs of the Federal Columbia River Power System facilities through its Interest Expense and Capital Transfer budget programs. BPA is responsible for the actual operations and maintenance expenditures incurred as part of the Lower Snake River Compensation Plan (LSRCP) hatcheries and repays Treasury accordingly. Bonneville is responsible for annual payments to the Confederated Tribes of the Colville Reservation for their claims concerning their contribution to the production of hydropower by the Grand Coulee Dam in accordance with the Settlement Agreement between the United States and the Tribes (April, 1994).

Fish and Wildlife expenses provide for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries. BPA discharges a major portion of its fish and wildlife responsibilities pursuant to Section 4(h) of the Northwest Power Act by funding projects and activities designed to be consistent with the Northwest Power Planning Council's (Planning Council) Fish and Wildlife Program. To satisfy its responsibilities under the Endangered Species Act, BPA implements measures in the biological opinions issued by the NMFS and the USFWS regarding the operations of the Federal Columbia River hydro system. The expenses associated with implementing the reasonable and prudent alternatives of the biological opinions that relate to BPA's direct fish and wildlife program are included in this budget projection. Additionally, these expense amounts reflect, and are consistent with, the fish and wildlife budget agreement announced by the Administration in October 1995 and the Memorandum of Agreement of September 1996 that

POWER SERVICES - OPERATING EXPENSE (Cont d)

calls for BPA fish and wildlife funding of \$252 million per year and operations estimated to result in lost revenues and purchased power costs of \$90-\$280 million per year for the period FY 1996 through FY 2001.

BPA's fish and wildlife expense funds are directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to improve juvenile fish passage at mainstream dams, resource studies, monitoring and evaluation, and facility operation and maintenance. The priority for project funding focuses first on implementing the reasonable and prudent alternatives contained in the NMFS and USFWS biological opinions, and second, on implementing the Planning Council's Fish and Wildlife Program.

The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Planning Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Planning Council's fish and wildlife program." And, ". . . in making its recommendations to BPA, the Planning Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

The Northwest Power Act created the residential exchange program to extend the benefits of low-cost Federal power to the residential and small farm customers of investor-owned (IOU) and publicly-owned utilities. Due in part to concerns expressed during the 1996 rate case about BPA's expected reduction in Residential Exchange Program costs and thus a decrease in benefits to regional IOU and public agency program participants, the Energy and Water Development Appropriations Act, Public Law 104-46, established Residential Exchange costs at \$145 million for fiscal year 1997. Conference report language regarding the higher legislated cost benefits for fiscal year 1997 anticipated that Residential Exchange contract termination agreements (settlement agreements) for future years could be reached between BPA and participants during this time period. The report language encouraged BPA to reach settlement agreements with participants in order to "gradually phase out the Residential Exchange Program by October 1, 2001." The 1996 Comprehensive Regional Review also recommended that settlement discussions continue regarding the Residential Exchange Program. Settlement agreements have now been signed by all active exchanging utilities except Portland General Electric (PGE) and Montana Power Company (which receives no benefits). Thus, the FY 1998 residential exchange cost of \$74 million, including implementation costs, is consistent with Congressional intent to phase out the Residential Exchange Program. The actual cost for FY 1998 could differ from this estimate due to the final settlement agreement with PGE.

The Northwest Power Act directs that expenses of the Planning Council, subject to certain limits based on forecasted BPA power sales, shall be included in BPA's annual budget to Congress. Funding for the Planning Council is provided by Bonneville and is recovered through Bonneville rates. Its major activities include the periodic preparation of a northwest Conservation and Electric

POWER SERVICES - OPERATING EXPENSE (Cont d)

Power Plan (a 20 year electric energy demand and resources forecast and energy conservation program) and a Columbia River Basin Fish and Wildlife Program of loss mitigation and resource enhancement actions.

II. Funding Schedule of Accrued Expenditures:

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Production	\$ 803,000	\$ 992,100	\$1,036,100	\$ 44,000	4%
Associated Projects Costs	160,000	166,200	168,400	2,200	1%
Fish & Wildlife	82,100	110,000	110,000	0	0%
Residential Exchange	171,000	73,200	59,700	-13,500	-18%
Planning Council	8,000	7,600	7,100	-500	-7%
-----	-----	-----	-----	-----	-----
Total, Power Services -	\$1,224,100	\$1,349,100	\$1,381,300	\$ 32,200	2%
Operating Expense	=====	=====	=====	=====	=====

III. Performance Summary: Major Accomplishments

Production

FY 1997

FY 1998

FY 1999

- Short-Term Power Purchases/PNCA Interchange: Purchase power for resale, fish mitigation or for the efficient operation of the power system. Under terms of the Pacific Northwest Coordination Agreement (PNCA), make payments to other generating utilities for power received as interchange energy. Interchange energy is energy transferred between utilities either to supply all or a part of any deficiency between a utility's actual energy capability and its firm energy load carrying capability or to return such energy to the supplying utility.

POWER SERVICES - OPERATING EXPENSE (Cont d)

- Power Scheduling/Marketing: Schedule and market electric energy to BPA customers and Pacific Northwest's interconnected utilities. Place major emphasis on scheduling and supporting implementation of intertie access policy and streamflow coordination with the water budget of the Fish and Wildlife Program.
- Trojan: Continued termination and decommissioning of BPA's 30 percent share of the Trojan Nuclear Plant.
- WNP-2: Continued to acquire full capability of WNP-2.
- WNP-1/WNP-3: Continued to fulfill contractual obligations for WNP-1 and WNP-3.
- Long-Term Power Purchases and Wheeling:
FY 1997: Continue to acquire 100 percent of the Idaho Falls and Cowlitz Falls hydroelectric project output. Continue to acquire 100 percent of Wauna project output. Continued contract payments on four billing credit projects. Executed agreement to purchase 37 percent of output from the Wyoming Wind Project.
FY 1998: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, Wauna and Wyoming Wind project output. Continue contract payments on four billing credit projects.
FY 1999: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, and Wauna project output. Continue contract payments on four billing credit projects.
- Generation & Oversight:
FY 1997: Continue to provide oversight of all contracts signed to date. Continued the environmental review and permitting of the Columbia Wind Farm Project. Started the National Environmental Policy Act (NEPA) process for the Fourmile Hill and Telephone Flat Geothermal Project. No oversight of the Newberry Geothermal Project because the developer determined that the geothermal resources were insufficient. Continued to fund the Pacific Northwest Wind Resource Study and to co-fund the Regional Solar

POWER SERVICES - OPERATING EXPENSE (Cont d)

Monitoring Project. Provided oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected, coordinated, communicated and administered agreements, issues and programs between BPA and the project owners. Developed coordinated operation of the Pacific Northwest and Canadian Power Systems, investigated and analyzed Canadian proposals for power export.

Provided litigation and legal services covering existing and prospective financing arrangements involving the nuclear generating projects; Columbia River Treaty, non-Treaty and related resources issues; other resources acquired by BPA; and research relating to bankruptcy and tax issues, involving entities with whom BPA has an existing contractual relationship. Includes major contract with the Department of Justice for the WNP-1 and WNP-3 cost sharing litigation.

FY 1998: Continue to provide oversight of all contracts signed to date. Issue Record of Decision for the Columbia Wind Farm Project. Continue the NEPA process for the Fourmile Hill and Telephone Flat Geothermal Project. Continue to fund the Pacific Northwest Wind Resource Study and to co-fund the Regional Solar Monitoring Project. Provide oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected; coordinate, communicate and administer agreements, issues and programs between BPA and the project owners. Develop coordinated operation of the Pacific Northwest and Canadian Power Systems, investigate and analyze Canadian proposals for power export.

FY1999: Continue to provide oversight of all contracts signed to date. Complete the NEPA process for the Fourmile Hill Geothermal Project and issue a Record of Decision. Continue NEPA process for Telephone Flat Geothermal. Continue to fund the Pacific Northwest Wind Resource Study and to co-fund the Regional Solar Monitoring Project. Provide oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected; coordinate, communicate and administer agreements, issues and programs between BPA and the project owners.

TOTAL Production	<u>\$803,000</u>	<u>\$992,100</u>	<u>\$1,036,100</u>
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POWER SERVICES - OPERATING EXPENSE (Cont d)

<u>Associated Project Costs</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<ul style="list-style-type: none"> Support FCRPS project costs and work to improve relationships to improve project support and better understand project costs. This helps to maintain FCRPS system integrity and the attainment of BPA s strategic business objectives. Corps of Engineers: FY 97: Complete work on McNary Turbine Model Test. Initiate discussions with the Corps on a direct funding agreement for O&M Power activities. FY 98: Signed a direct funding agreement for O&M Power activities. FY 99: Direct funding for O&M Power activities will begin. Bureau of Reclamation: FY 97: Signed a direct funding agreement with the Bureau for O&M Power activities. FY 98: Direct funding for O&M Power activities began. 			
TOTAL Associated Project Costs	<u>\$160,000</u>	<u>\$166,200</u>	<u>\$168,400</u>

<u>Fish and Wildlife</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
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In a manner consistent with the Fish and Wildlife Budget Memorandum of Agreement of October 1996:

- Anadromous Fish: Continue implementing projects which support Endangered Species Act listed species and other measures called for under the NMFS BO. Continue to fund and implement Northwest Power Act responsibilities and Planning Council s Fish and Wildlife program based on measures installed in FY 1996 and before. Continue to implement and develop downstream migration, disease and predator control programs, artificial production methods, and habitat improvement activities.

POWER SERVICES - OPERATING EXPENSE (Cont d)

- Resident Fish: Continue to study the effects of reservoir operation on the resident fish population. Continue efforts for in-stream flow studies, stock status studies, habitat improvement and monitoring evaluation studies, and white sturgeon habitat requirements consistent with Endangered Species Act requirements. Continue activities associated with species under review for possible listing as threatened or endangered under the Endangered Species Act. Continued efforts conducted in FY 1997 and prior.
- Continue mitigation in resident fish for anadromous losses (substitution), mitigation for reservoir operation impacts to resident fish, and continue to refine, quantify, and delineate the difference between the two.
- Wildlife: Continue the FY 1996 program including funding for wildlife actions resulting from Planning Council Fish and Wildlife Program amendments for wildlife mitigation.

TOTAL Fish and Wildlife	<u>\$82,100</u>	<u>\$110,000</u>	<u>\$110,000</u>
<u>Residential Exchange</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<ul style="list-style-type: none"> • For fiscal year 1997, the Energy and Water Development Appropriations Act, Public Law 104-46, established residential exchange cost benefits at \$145 million. BPA expects actual fiscal year 1997 expenses to total \$172 million, which includes an additional \$29 million adjustment for prior year benefits and a \$3 million reduction that reflects expensing certain contract settlement agreements. Fiscal Years 1998 and 1999 include contract settlement agreement costs consistent with Congressional intent to phase out the Residential Exchange Program and the net cost of the remaining utility that has not yet settled. 			
TOTAL Residential Exchange	<u>\$171,000</u>	<u>\$73,200</u>	<u>\$59,700</u>

POWER SERVICES - OPERATING EXPENSE (Cont d)

<u>Planning Council</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
	<u>\$8,000</u>	<u>\$7,600</u>	<u>\$7,100</u>
 TOTAL Power Services	 <u>\$1,224,100</u>	 <u>\$1,349,100</u>	 <u>\$1,381,300</u>

SIGNIFICANT FUNDING CHANGES FROM FY 1998 TO FY 1999

Residential Exchange: Fiscal Years 1998 and 1999 include contract settlement agreement costs consistent with Congressional intent to phase out the Residential Exchange Program and the net cost of the remaining utility that has not yet settled. -\$13,500

Major Issues: none

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET**

CONSERVATION AND ENERGY EFFICIENCY - OPERATING EXPENSE

I. Mission Supporting Goals and Objectives:

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation and development activities while facilitating activities which meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest.

II. Funding Schedule of Accrued Expenditures:

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Legacy Conservation	\$ 32,000	\$ 18,200	\$ 16,400	\$ -1,800	-10%
Market Transformation	300	15,000	15,000	0	--
Market Development	100	7,400	5,000	-2,400	-32%
	-----	-----	-----	-----	-----
TOTAL Conservation and Energy	\$32,400	\$40,600	\$36,400	-\$4,200	-10%
Efficiency	=====	=====	=====	=====	=====

III. Performance Summary: Major Accomplishments

Legacy Conservation

FY 1997 FY 1998 FY 1999

- Acquire conservation resources through competitive acquisition, billing credits and multi-sector mechanisms. Support utilities in transition to locally funded conservation programs and development of local conservation plans to meet specific customer needs. Ongoing program areas include residential, commercial, industrial, agricultural conservation acquisitions. Collaboratively develop future directions for implementation of Bonneville's conservation responsibilities with customers, interest groups, local, state and federal agencies, and other external entities.
- Complete local conservation plans for utilities in Bonneville's service territory. Oversee and monitor program close-out for residential, commercial, industrial, agricultural and conservation acquisitions.

TOTAL Legacy Conservation

\$32,000 \$18,200 \$16,400

Market Transformation

FY 1997 FY 1998 FY 1999

- Create and enhance markets through delivery of public benefits. Develop regional partnerships to explore which technologies to promote and the process to deliver them. Primarily provide leadership and collaborative funding for market transformation initiatives. Continue activities being performed through the regionally funded Northwest Energy Efficiency Alliance through a multi-party agreement signed in 1997 and which were previously included in the Conservation and Energy Efficiency, Market Transformation capital category.

TOTAL Market Transformation

\$300 \$15,000 \$15,000

CONSERVATION AND ENERGY EFFICIENCY (Cont d)

FY 1997 FY 1998 FY 1999

Market Development

- Work with customers to develop customized, tailored, services to meet specific needs and priorities; continue internal transition activities. The goal is to help and support public utility customers in maintaining a competitive edge in the marketplace; providing total energy solutions now and into the future. Bonneville will operate within the 13 guidelines established as part of the Regional Review including the guidance for market development activities to be self-supporting by FY 2000.

TOTAL Market Development

\$100 \$7,400 \$5,000

TOTAL Conservation and Energy Efficiency

\$32,400 \$40,600 \$36,400

SIGNIFICANT FUNDING CHANGES FROM FY 1998 TO FY 1999

Major Issues: none

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET**

INTEREST, PENSION AND POST-RETIREMENT BENEFITS-OPERATING EXPENSE

I. Mission Supporting Goals and Objectives:

Interest expense provides for the payment of interest due on Federal Columbia River Power System (FCRPS) debt. This consists of capital investment in FCRPS hydroelectric generating and transmission facilities of BPA, the Corps of Engineers and the Bureau of Reclamation. Investments were financed by Congressional appropriations and BPA borrowings from the U.S. Treasury. BPA repays FCRPS debt through its power sales and transmission services revenues.

Since receiving Treasury borrowing authority in 1974 under the Transmission System Act, all BPA borrowings have been at market rates. As of October 1, 1996, all of BPA's repayment obligations on FCRPS appropriated investment (Corps and Bureau FCRPS investment and BPA investment financed with appropriations prior to the Transmission System Act) which were unpaid as of September 30, 1996, were restructured and assigned new current-market interest rates. The Bonneville Appropriations Refinancing Act of 1996 (Act) called for resetting (reducing) the unpaid principal of FCRPS appropriations and reassigning (increasing) interest rates. New principal amounts were established as of the beginning of FY 1997, at the present value of the principal and annual interest payments BPA would make to the U.S. Treasury for these obligations in the absence of the legislation, plus \$100 million. The new principal amounts are then assigned new interest rates based on the Treasury yield curve rates prevailing at the end of FY 1996. BPA's outstanding repayment obligations on appropriations at the end of FY 1996 were \$6.7 billion with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to \$4.1 billion with a weighted average interest rate of 7.1 percent. Implementation of the refinancing took place in 1997, after audited actual financial data was available. As called for in the legislation, BPA submitted its calculations and interest rate assignments implementing the Act to Treasury for their review and approval. Treasury approved the implementation calculations in July 1997.

The Act also calls for all future FCRPS appropriations to be assigned prevailing Treasury yield curve interest rates.

Interest estimates are a direct function of costs of Treasury borrowing to BPA, repayment status of outstanding FCRPS investments, and projected additions to FCRPS plant in service. The interest cost estimates below include the impact of BPA's appropriation refinancing legislation.

Pension and Post-retirement Benefits assumes that the Bonneville will continue in FY 1999 to prospectively cover the full unfunded liability that will accrue in fiscal years after FY 1997 of the Civil Service Retirement and Disability Fund (Disability Fund), the Employees Health Benefits Fund (Health Fund) and the Employees Life Insurance Fund (Insurance Fund) that it has not covered prior to FY 1998. The unfunded liability is the difference in the current cost of paying current Federal Columbia River Power System(FCRPS) employees retirement benefits and the sum of (1) seven percent withheld from current employees salaries and (2) an additional seven percent of wages that the FCRPS must already contribute into the Disability Fund each year.

This FY 1999 Budget is consistent with the FY 1998 Budget which assumed the entire Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001 in order to meet competitive market pressures. The following amounts are assumed to be recovered by Bonneville: \$2.2 million in FY 1998; \$4.1 million in FY 1999; \$ 6.0 million in FY 2000; \$8.0 million in FY 2001; \$55.2 million in FY 2002, and \$35.1 million in FY 2003. A portion of these costs may be capitalized after further analysis is completed. FY 1998 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2002, recovery is assumed to come from new revenues.

Cost estimates include Bonneville and the power related portion of Corps of Engineers, Bureau of Reclamation, and the United States Fish & Wildlife Pension and Post-retirement Benefits. These estimates are subject to further revision following further review. The Administration has determined that no additional legal authority is required for the Bonneville Power Administration to recover these expenses after FY 1997 and to deposit such recovery in the Miscellaneous Receipts of the U.S. Treasury.

II. Funding Schedule of Accrued Expenditures:**(Dollars in Thousands)**

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
BPA Bond Interest (Net)	\$ 140,500	\$ 124,600	\$ 120,400	\$ -4,200	-3%
BPA Appropriation Interest	76,400	76,400	74,200	-2,200	-3%
Corps of Engineers Appropriation Interest	165,000	174,500	179,800	5,300	3%
Lower Snake River Comp. Plan Interest	16,000	16,600	16,800	200	1%
Bureau of Reclamation Approp. Interest	34,000	36,500	36,500	0	0%
	-----	-----	-----	-----	-----
Total Interest - Operating Expense	\$ 431,900	\$ 428,600	\$ 427,700	\$ -900	0%
	=====	=====	=====	=====	=====
Pension and Post-retirement Benefits	\$ 0	\$ 2,200	\$ 4,100	\$ 1,900	86%

SIGNIFICANT FUNDING CHANGES FROM FY 1998 TO FY 1999: none

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET**

CAPITAL TRANSFERS

I. Mission Supporting Goals and Objectives:

This activity conveys funds to the U.S. Treasury for repayment of certain Federal Columbia River Power System costs not included in the Associated Project Costs budget. Since capital transfers are cash transactions they are not considered budget obligations.

II. Funding Schedule of Accrued Expenditures:

(Dollars in Thousands)

Program Activity	FY 1997	FY 1998	FY 1999	\$ Change	% Change
-----	-----	-----	-----	-----	-----
BPA Bond Amortization	\$ 205,000	\$ 192,400	\$ 122,600	\$ -69,800	-36%
BPA Appropriation Amortization	0	35,200	41,000	5,800	16%
Corps Appropriation Amortization	0	0	0	0	0%
	-----	-----	-----	-----	-----
Total, Capital Transfers	\$ 205,000	\$227,600	\$163,600	\$-64,000	-28%
	=====	=====	=====	=====	=====

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
CURRENT SERVICES
(in millions of dollars)

BP-1 SUMMARY

----- FY 1997	----- FY 1998	----- FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
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TOTAL OBLIGATIONS/OUTLAYS

	Obs.	Outlays	Obs.	Outlays	Obs.	Outlays	Obs.	Obs.	Obs.	Obs.
1 Residential Exchange	171	171	73	73	60	60	58	35	0	0
2 Power Business Line 1/	974	963	1,158	1,158	1,204	1,204	1,230	1,194	1,127	1,205
3 Transmission Services	313	314	325	326	313	313	303	317	304	291
4 Cons. & Energy Efficiency Svcs	52	59	57	67	45	45	42	39	39	37
5 Fish & Wildlife	103	109	137	137	137	137	132	132	105	105
6 Interest/ Pension 3/	450	450	431	431	432	432	440	462	509	484
7 Assoc. Project Costs - Capital	19	27	50	50	74	74	75	72	81	48
8 Capital Equipment	7	12	9	9	7	7	7	7	7	7
9 Planning Council	8	8	8	8	7	7	7	6	6	6
## Projects Funded in Advanced	16	16	30	30	29	29	27	27	28	29
## Capitalized Bond Premiums	8	8	5	5	5	5	5	5	5	5
## TOTAL OBS/OUTLAYS 2/	2,121	2,137	2,283	2,294	2,313	2,313	2,321	2,291	2,206	2,212

REVENUES AND REIMBURSEMENTS

	Accrued	Cash	Accrued	Cash	Accrued	Cash	Accrued	Accrued	Accrued	Accrued
## Revenues	2,278	2,278	2,279	2,279	2,330	2,330	2,381	2,411	2,359	2,356
## Projects Funded in Advanced	16	16	30	30	29	29	27	27	28	29
## TOTAL	2,294	2,294	2,309	2,309	2,359	2,359	2,408	2,438	2,387	2,385
## BUDGET AUTH. (NET)	16		(25)		(46)		(87)	(147)	(178)	(162)
## OUTLAYS (NET)		(157)		(15)		(46)		(147)	(181)	(173)

- 1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, and Associated Project Costs which have been shown separately for display purposes.
- 2/ BPA's FY 1997 budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps.
- 3/ Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 1999 Budget assumes that the following amounts will be recovered by Bonneville: \$2.2 million in FY 1998; \$4.1 million in FY 1999; \$6.0 million in FY 2000; \$8.0 million in FY 2001; \$55.2 million FY 2002; \$35.1 in FY 2003. FY 1998 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2001, recovery is assumed to come from new revenues.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
CURRENT SERVICES
(in millions of dollars)

BP-2

EXPENSED OBLIGATIONS/OUTLAYS

		----- FY 1997		----- FY 1998		----- FY 1999		FY 2000	FY 2001	FY 2002	FY 2003
		Obs.	Outlays	Obs.	Outlays	Obs.	Outlays	Obs.	Obs.	Obs.	Obs.
1	Residential Exchange	171	171	73	73	60	60	58	35	0	0
2	Power Business Line 1/	974	963	1,158	1,158	1,204	1,204	1,230	1,194	1,127	1,205
3	Transmission Business Line	179	179	179	179	177	177	174	175	176	178
4	Cons. & Energy Efficiency Svcs	32	32	41	41	36	36	37	34	34	32
5	Fish & Wildlife	82	82	110	110	110	110	105	105	100	100
6	Interest/ Pension 2/	450	450	431	431	432	432	440	462	509	484
7	Planning Council	8	8	8	8	7	7	7	6	6	6
8	OBS/OUTLAYS	1,896	1,885	2,000	2,000	2,026	2,026	2,051	2,011	1,952	2,005
9	Projects Funded in Advance										
	OBLIGATIONS/OUTLAYS	16	16	30	30	29	29	27	27	28	29

CAPITAL OBLIGATIONS/OUTLAYS

		----- FY 1997		----- FY 1998		----- FY 1999		FY 2000	FY 2001	FY 2002	FY 2003
		Obs.	Outlays	Obs.	Outlays	Obs.	Outlays	Obs.	Obs.	Obs.	Obs.
##	Cons. & Energy Efficiency Svcs	20	27	16	26	9	9	5	5	5	5
##	Transmission Business Line	134	135	146	147	136	136	129	142	128	113
##	Assoc. Project Costs - Capital	19	27	50	50	74	74	75	72	81	48
##	Fish & Wildlife	21	27	27	27	27	27	27	27	5	5
##	Capital Equipment	7	12	9	9	7	7	7	7	7	7
##	Capitalized Bond Premiums	8	8	5	5	5	5	5	5	5	5
##	TOTAL CAP. INVEST.	209	236	253	264	258	258	248	258	231	183
##	BORROWING AUTH.										
	TO FINANCE CAP. OBS.	209		253		258		248	258	231	183
##	BORROWING AUTH.										
	TO FINANCE CAP. OBS.	12		(51)		(140)		(170)	(252)	(187)	(182)
##	TOTAL BORROWING AUT	221		202		118		78	6	44	1

1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, and Associated Project Costs which have been shown separately for display purposes.

2/ Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that assumes that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 1999 Budget the following amounts will be recovered by Bonneville: \$2.2 million in FY 1998; \$4.1 million in FY 1999; \$6.0 million in FY 2000; \$8.0 million in FY 2001; \$55.2 million FY 2002; \$35.1 in FY 2003. FY 1998 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2001, recovery is assumed to come from new revenues.

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
CURRENT SERVICES
(in millions of dollars)

BP-3

CAPITAL TRANSFERS	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Amortization:	Payments	Payments	Payments	Payments	Payments	Payments	Payments
## BPA Bonds	205	192	123	143	90	179	129
## Bureau Amortization	0	0	0	0	16	12	5
## BPA Appropriations	0	35	41	22	47	24	26
## Corps Appropriations	0	0	0	0	0	7	3
## TOTAL CAPITAL TRANSFERS	205	227	164	165	153	222	163

STAFFING

## FULL-TIME EQUIVALENT EMP. (FTE)	2,929	2,930	2,755	2,755	2,755	2,755	2,755
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- 3/ BPA's FY 1999 budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps. The FY 1999 budget does not include a request for any new legislative authorization. Because BPA operates within existing legislative authority, BPA is not subject to a Budget Enforcement "pay-as-you-go" test regarding its revision of funding estimates.
- 4/ Borrowing Authority to Finance Other Obligations represents the use of (positive), or building up of (negative), deferred borrowing. Deferred borrowing is created when Bonneville uses cash from revenues to liquidate capital obligations in lieu of borrowing. This temporary use of cash-on-hand instead of borrowed funds creates the ability in future years to borrow money, when fiscally prudent, to liquidate revenue funded activities. The amount on this line, under the title "Borrowing Authority to Finance Other Obligations" represents the annual use, or creation of deferred borrowing. OMB has requested that Bonneville show this deferred borrowing as resource carried forward from year-to-year in the manner displayed here. It is important to note that the borrowing authority amount on line 17 "Borrowing Authority to Finance Capital Obligations" is the amount which is tracked by the Congressional Committees.
- 5/ The FTE figures for FY1998 and beyond assume continued availability of BPA's VSI authority, receipt each fiscal year through FY 1999 of "early out" authority from the Office of Personal Management, and that individuals depart as scheduled.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
(in millions of dollars)

BP-4A

	Annual				FY 1998				FY 1999			
	Capital Obs.	Borrow. Auth.	Capital Expend	Treasury Borrow.	Capital Obs.	Borrow. Auth.	Capital Expend	Treasury Borrow.	Capital Obs.	Borrow. Auth.	Capital Expend	Treasury Borrow.
Cum. - Start-of-Year: 1974 Act	1,892		1,845		1,937		1,893		####		1,977	
Start-of-Year: 1980 Act	729		721		688		681		666		669	
Start-of-Year: Total	2,621	2,584	2,566	2,456	2,625	2,588	2,574	2,499	####	2,649	2,646	2,571
Plus: Annual Increase 1/												
Annual Increase: 1974 Act	170		173		187		188		175		175	
Annual Increase: 1980 Act	39		40		66		76		83		83	
Annual Borrowing A. Increase	209	209	213		253	253	264		258	258	258	
Treasury Borrowing (Cash)				248				264				258
Less:												
Bond Amortization: 1974 Act	125		125		104		104		123		123	
Bond Amortization: 1980 Act	80		80		88		88		0		0	
Total BPA Bond Amortization	<u>205</u>	<u>205</u>	<u>205</u>	<u>205</u>	<u>192</u>	<u>192</u>	<u>192</u>	<u>192</u>	<u>123</u>	<u>123</u>	<u>123</u>	<u>123</u>
Net Increase/(Decrease):												
1974 Act	45		48		83		84		52		52	
1980 Act	(41)		(40)		(22)		(12)		83		83	
Total	4	4	8	43	61	61	72	72	135	135	135	135
Cum. - End-of-Year: 1974 Act	1,937		1,893		2,020		1,977		####		2,029	
End-of-Year: 1980 Act	688		681		666		669		749		752	
End-of-Year: Total	2,625	2,588	2,574	2,499	2,686	2,649	2,646	2,571	####	2,784	2,781	2,706
Remaining Leg. Borrowing A.:												
1974 Act	563				480				428			
1980 Act	562				584				501			
Total Borrowing Authority	<u>1,125</u>	<u>1,162</u>		<u>1,251</u>	<u>1,064</u>	<u>1,101</u>		<u>1,179</u>	<u>929</u>	<u>966</u>		<u>1,044</u>
Total Legislated Borrowing A.	3,750	3,750		3,750	3,750	3,750		3,750	####	3,750		3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, c) managing the allocation of borrowing resources between the Transmission Act cap and the Power Act cap, and d) exploring the use of third-party financing, if feasible.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
(in millions of dollars)

BP-4B

	FY 2000				FY 2001				FY 2002			
	Annual				Annual				Annual			
	Capital Obs.	Borrow. Auth.	Capital Expend.	Treasury Borrow.	Capital Obs.	Borrow. Auth.	Capital Expend.	Treasury Borrow.	Capital Obs.	Borrow. Auth.	Capital Expend.	Treasury Borrow.
Cum. - Start-of-Year: 1974 Act	2,072		2,029		2,148		2,105		2,239		2,196	
Start-of-Year: 1980 Act	749		752		779		782		856		859	
Start-of-Year: Total	2,821	2,784	2,781	2,706	2,927	2,890	2,887	2,812	3,095	3,058	3,055	2,980
Plus: Annual Increase 1/												
Annual Increase: 1974 Act	168		168		181		181		145		145	
Annual Increase: 1980 Act	80		80		77		77		86		86	
Annual Borrowing A. Increase	248	248	248		258	258	258		231	231	231	
Treasury Borrowing (Cash)				248				258				231
Less:												
Bond Amortization: 1974 Act	92		92		90		90		113		113	
Bond Amortization: 1980 Act	50		50		0		0		66		66	
Total BPA Bond Amortization 2/	<u>142</u>	<u>142</u>	<u>142</u>	<u>142</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>
Net Increase/(Decrease):												
1974 Act	76		76		91		91		32		32	
1980 Act	30		30		77		77		20		20	
Total	106	106	106	106	168	168	168	168	52	52	52	52
Cum. - End-of-Year: 1974 Act	2,148		2,105		2,239		2,196		2,271		2,228	
End-of-Year: 1980 Act	779		782		856		859		876		879	
End-of-Year: Total	2,927	2,890	2,887	2,812	3,095	3,058	3,055	2,980	3,147	3,110	3,107	3,032
Remaining Leg. Borrowing A.:												
1974 Act	352				261				229			
1980 Act	471				394				374			
Total Borrowing Authority	<u>823</u>	<u>860</u>		<u>938</u>	<u>655</u>	<u>692</u>		<u>770</u>	<u>603</u>	<u>640</u>		<u>718</u>
Total Legislated Borrowing A.	3,750	3,750		3,750	3,750	3,750		3,750	3,750	3,750		3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, c) managing the allocation of borrowing resources between the Transmission Act cap and the Power Act cap, and d) exploring the use of third-party financing, if feasible.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
(in millions of dollars)

BP-4C

	FY 2003			
	Annual			
	Capital Obs.	Borrow. Auth.	Capital Expend.	Treasury Borrow.
Cum. - Start-of-Year: 1974 Act	2,271		2,228	
Start-of-Year: 1980 Act	876		879	
Start-of-Year: Total	3,147	3,110	3,107	3,032
Plus: Annual Increase 1/				
Annual Increase: 1974 Act	130		130	
Annual Increase: 1980 Act	53		53	
Annual Borrowing A. Increase	183	183	183	
Treasury Borrowing (Cash)				183
Less:				
Bond Amortization: 1974 Act	129		129	
Bond Amortization: 1980 Act	0		0	
Total BPA Bond Amortization 2/	<u>129</u>	<u>129</u>	<u>129</u>	<u>129</u>
Net Increase/(Decrease):				
1974 Act	1		1	
1980 Act	53		53	
Total	54	54	54	54
Cum. - End-of-Year: 1974 Act	2,272		2,229	
End-of-Year: 1980 Act	929		932	
End-of-Year: Total	3,201	3,164	3,161	3,086
Remaining Leg. Borrowing A.:				
1974 Act	228			
1980 Act	321			
Total Borrowing Authority	<u>549</u>	<u>586</u>		<u>664</u>
Total Legislated Borrowing A.	3,750	3,750		3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, c) managing the allocation of borrowing resources between the Transmission Act cap and the Power Act cap, and d) exploring the use of third-party financing, if feasible.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION

TREASURY PAYMENTS
(in millions of dollars)

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
A. INTEREST ON BONDS & APPROPRIATIONS							
Bonneville Bond Interest							
1 Bonneville Bond Interest (net)	141	125	120	129	135	126	114
2 AFUDC 1/	15	12	11	9	8	8	7
Appropriations Interest							
3 Bonneville	76	76	74	72	70	67	65
4 Corps of Engineers 2/	165	175	180	181	195	208	218
5 Lower Snake River Comp. Plan	16	16	16	16	16	16	16
6 Bureau of Reclamation Interest	34	36	37	37	37	36	35
7 Total Bond and Approp. Interest	447	440	438	444	461	461	455
B. ASSOCIATED PROJECT COST							
8 Bureau of Reclamation Irrigation Assistance	25	0	0	0	10	0	0
9 Bureau of Rec. Operations & Maintenance 3	0	0	0	0	0	0	0
10 Corps of Eng. Operations & Maintenance	86	95	0	0	0	0	0
11 L. Snake River Comp. Plan Oper. & Maint.	12	12	12	14	15	15	16
12 Total Assoc. Project Costs	123	107	12	14	25	15	16
C. CAPITAL TRANSFERS							
Amortization							
13 Bonneville Bonds	205	192	123	143	90	179	129
14 Bureau of Reclamation Amortization	0	0	0	0	16	12	5
15 Corps of Engineers	0	0	0	0	0	7	3
16 Lower Snake River Comp. Plan	0	0	0	0	0	0	0
17 Bonneville Appropriations	0	35	41	22	47	24	26
20 Total Capital Transfers	205	227	164	165	153	222	163
21 TOTAL TREASURY PAYMENTS	775	774	614	623	639	698	634

- 1/ This interest cost is capitalized and included in Bonneville's Transmission System Development, System Replacements, and Associated Projects Capital programs. AFUDC is financed through the sale of bonds.
- 2/ Includes interest on construction funding for Corps of Engineers (Corps) fish bypass facilities at Corps dams in the Columbia River Basin, including Lower Monumental, Ice Harbor, and The Dalles dams, as called for in the Fish Spillway Memorandum of Agreement approved on April 10, 1989.

- 3/ Starting in FY 1997, costs for Bureau of Reclamation power O&M is funded directly by Bonneville as follows (in millions) :
\$41 in FY1997, \$43 in FY1998, \$43 in FY1999, \$44 in FY2000, \$45 in FY2001, \$47 in FY 2002, \$49 in FY2003.
Starting in FY 1999, costs for Corps of Engineers O&M is funded directly by Bonneville as follows (in millions) :
\$98 in FY1999, \$101 in FY2000, \$104 in FY2001, \$108 in FY2002, \$112 in FY2003.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION FUND

OBJECT CLASSIFICATION STATEMENT

(in millions of dollars)

IDENTIFICATION CODE: 89-4045-0-3-271

A-11-35A

DIRECT OBLIGATIONS

	1997	1998	1999
	ESTIMATES	ESTIMATES	ESTIMATES
11.1 Full-time permanent	185	183	180
11.3 Other than full-time permanent	1	1	1
11.5 Other personnel compensation	9	9	9
11.9 Total personnel compensation	195	193	190
12.1 Civilian personnel benefits	25	25	23
21.0 Travel and transportation of persons	10	10	9
22.0 Transportation of things	5	5	5
23.1 Rental payments to GSA	10	10	10
23.2 Rents, other	9	9	9
23.3 Communications, utilities and misc. charge	5	5	5
24.0 Printing and reproduction	1	1	1
25.1 Consulting Services	1	2	1
25.2 Other services	1,276	1,271	1,288
25.3 Purchases from Government Accounts	202	223	223
25.5 R & D Contracts	7	7	7
26.0 Supplies and materials	16	16	16
31.0 Equipment	46	46	46
32.0 Lands and structures	17	17	17
41.0 Grants, subsidies, contributions	9	9	9
43.0 Interest and dividends	371	435	454
99.0 Subtotal obligations	2,205	2,284	2,313
99.9 Total obligations	2,121	2,284	2,313

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET
BONNEVILLE POWER ADMINISTRATION

ESTIMATE OF PROPRIETARY RECEIPTS
(in millions of dollars)

<u>FY</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Bureau Interest	33	36	36	37	37	37	35
Bureau Amortization	0	0	0	0	16	11	5
Bureau O&M	0	0	0	0	0	0	0
Bureau Irrig. Assist.	25	0	0	0	10	0	0
Colville Settlement (credit)	-15	0	0	0	0	0	0
Total 1/	43	36	36	37	63	48	40
Corps O&M	84	95	0	0	0	0	0
LSRCP O&M	12	12	12	14	15	15	16
	96	107	12	14	15	15	16
4(h)10(C) credit	-32	-60	0	0	0	0	0
Total 2/	64	47	12	14	15	15	16

1/ Includes amortization of appropriations and irrigation assistance, and interest costs for the Bureau of Reclamation.

The cost of power O&M for Bureau of Reclamation is no longer included in Proprietary Receipts due to Direct Funding by Bonneville. Represents transfers to Account #895000.26

2/ Includes O&M costs only for the Corps of Engineers and the Lower Snake River Compensation Plan activities.

Represents transfers to Account #892889, Repayments on misc. recoverable costs, not otherwise classified.

Bonneville Direct Funding Costs for Bureau of Reclamation power O&M is as follows (\$ in millions): \$41 in FY1997, \$43 in FY1998, \$43 in FY1999, \$44 in FY2000, \$45 in FY2001, \$47 in FY2002, \$49 in FY2003,

(Dollars in Millions)

1/21/97

								FYs 1996-	FYs 1996-	
	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001		2001 Total	2001 Avg	
Direct Program Expenses										
Expenditure Plan	100.0	100.0	100.0	100.0	100.0	100.0			100.0	
Expenditure Amount Available 1/	100.0	100.0	100.0	100.0	100.0	100.0		600.0	100.0	
Actual (FY96); Planned (FYs 97-01) 2/	68.5	100.0	100.0	100.0	100.0	100.0		568.5	94.8	
Carry Forward Balance 3/ 4/	31.5	33.1	34.9	36.8	38.8	40.9				
Reimbursable F&W Expenses of Other Agencies										
Expenditure Plan	38.4	40.5	40.5	40.5	40.5	40.5			40.2	
Expenditure Amount Available	40.2	40.2	40.2	40.2	40.2	40.2		241.2	40.2	
Actual (FY96); Planned (FYs 97-01)	35.5	40.5	40.5	40.5	40.5	40.5		238.0	39.7	
Carry Forward Balance 4/	4.7	4.6	4.6	4.5	4.5	4.4				
Capital Investments										
Fixed Expenses										
Expenditure Plan	73.1	87.2	105.7	117.7	129.3	156.0			111.5	
Expenditure Amount Available	111.5	111.5	111.5	111.5	111.5	111.5		669.0	111.5	
Actual (FY96); Planned (FYs 97-01)	71.5	84.0	102.6	114.6	126.5	153.4		652.6	108.8	
Carry Forward Balance 4/	40.0	69.5	82.2	83.5	73.0	35.1				
Total										
Expenditure Plan	211.5	227.7	246.2	258.2	269.8	296.5			251.7	
Expenditure Amount Available	251.7	251.7	251.7	251.7	251.7	251.7		1510.2	251.7	
Actual Expenditures	175.5	224.5	243.1	255.1	267.0	293.9		1459.1	243.2	
Carry Forward Balance 4/	76.2	107.3	121.7	124.9	116.3	80.4				
River Operations										
Power Purchases 5/	20.0	96.0	89.0	91.5	94.0	80.5		471.0	78.5	
Foregone Revenues 5/	20.0	96.0	89.0	91.5	94.0	80.5		471.0	78.5	
Total	40.0	192.0	178.0	183.0	188.0	161.0		942.0	157.0	
Grand Total	215.5	416.5	421.1	438.1	455.0	454.9			400.2	6/

Assumptions:

Expenditure Plan and River Operations equal display in BPA's FY 1997 Congressional Budget.

Actual Expenditures for all expenses and capital investments reflect FY 1996 actual audited results.

For FYs 1997 through 2001 program expenses and capital investments are consistent with BPA's 1996 Rate Case currently pending with FERC, as new information becomes available the above figures are subject to change.

Notes:

1/ In addition, \$27 million per year in capital funding (borrowing) will be provided by BPA for the Direct Program.

The interest and amortization for this is reflected in the Expenditures Plan for the Capital Investment category.

2/ This information is reported on an accrual basis. For direct program management purposes BPA also reports these expenditures on an obligations basis. Typically the accruals lag the obligations since not all funds are expended in the year in which they are obligated

3/ BPA's FY 1996 - 2001 Fish and Wildlife Program Expense Budget is \$100 million per year. Actual expenses for FY 1996 were approximately \$31.5 million less than the budget. BPA, in accordance with the MOA, will carry forward this amount with interest.

4/ Includes interest at 5.4 percent for FYs 1998 through 2001. The actual interest rate is determined annually.

The interest rate for FY 1997 was determined to be slightly less than 5.1 percent.

5/ Estimated for FY 1996, actual amount will change when the river models are executed.

6/ During the initial discussions when developing the MOA this number was estimated to be about \$435 million.

**DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
FISH AND WILDLIFE CROSSCUT**

WORKING DRAFT UPDATED 5/1/96

(dollars in millions)

TABLE 1

	Funded by:	FY 1978- FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	Subtotal 78-84
CAPITAL INVESTMENTS							
BPA Fish and Wildlife 1/	BPA	0	0	0	0	0	0
Associated Projects (Federal Hydro) 2/	COE	30.0	17.9	61.7	55.1	9.0	173.7
TOTAL CAPITAL INVESTMENTS		30.0	17.9	61.7	55.1	9.0	173.7
PROGRAM OPERATING EXPENSES							
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/							
Non-ESA Activities	BPA	2.3	2.3	4.6	9.1	19.6	37.9
ESA Activities	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		2.3	2.3	4.6	9.1	19.6	37.9
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993							
Existing Water Budget 3/	BPA	0.0	0.0	0.0	0.0	12.0	12.0
ESA Implementation 4/	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		0.0	0.0	0.0	0.0	12.0	12.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/							
U. Columbia River Water Budget	BPA	---	---	---	---	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	---	---	---
Flow Augmentation 7/	BPA	---	---	---	---	---	---
Reduced Forebay Levels	BPA	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---
Subtotal							
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)							
O&M Lower Snake River Hatcheries	USFWS	0.0	0.5	1.0	2.2	3.6	7.3
O&M Corps (w/bypass eff. FY 1992)	COE	15.0	5.4	7.6	9.1	10.0	47.1
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	0.0	0.0	0.0	0.0
Other (NW Power Planning Council)	BPA	0.0	0.2	2.9	2.9	2.4	8.4
Subtotal		15.0	6.1	11.5	14.2	16.0	62.8
TOTAL PROGRAM OPERATING EXPENSES		17.3	8.4	16.1	23.3	47.6	112.7

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
FISH AND WILDLIFE CROSSCUT

WORKING DRAFT UPDATED 5/1/96		(dollars in millions)						TABLE 1
		First	FY 1978-					
		Funded by:	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	Subtotal 78-84
PROGRAM RELATED FIXED EXPENSES 9/								
Interest Expense	BPA		15.0	6.4	9.2	12.1	12.7	55.4
Amortization Expense	BPA		0.0	0.0	0.0	0.0	0.0	0.0
Depreciation Expense	BPA		9.0	2.4	3.2	3.8	3.9	22.3
TOTAL PROGRAM FIXED EXPENSES			24	8.8	12.4	15.9	16.6	77.7
GRAND TOTAL PROGRAM EXPENSES			41.3	17.2	28.5	39.2	64.2	190.4
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA		0.0	3.0	14.0	1.0	8.0	26.0
ESA Drawdown - Minimum Operating Pool 10/	BPA		0.0	0.0	0.0	0.0	0.0	0.0
			0.0	3.0	14.0	1.0	8.0	26.0
FOREGONE REVENUES FY 1994 5/								
U. Columbia River Water Budget	BPA		---	---	---	---	---	---
Spill for Juvenile Passage 6/	BPA		---	---	---	---	---	---
Flow Augmentation	BPA		---	---	---	---	---	---
Reduced Forebay Levels 10/	BPA		---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA		---	---	---	---	---	---
Subtotal								
TOTAL - PROGAM EXP. & FOREGONE REVENUES			41.3	20.2	42.5	40.2	72.2	216.4

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96

		First Funded by:	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	TABLE 2 Subtotal 85-90
CAPITAL INVESTMENTS									
BPA Fish and Wildlife 1/		BPA	10.2	8	4.7	7.7	8.3	16.2	55.1
Associated Projects (Federal Hydro) 2/		COE	46.4	9.1	78.6	7.6	5.3	4.5	151.5
TOTAL CAPITAL INVESTMENTS			56.6	17.1	83.3	15.3	13.6	20.7	206.6
PROGRAM OPERATING EXPENSES									
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/									
Non-ESA Activities		BPA	15.9	19.6	22.2	18.8	23.0	32.8	132.3
ESA Activities		BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal			15.9	19.6	22.2	18.8	23.0	32.8	132.3
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY									
Existing Water Budget 3/		BPA	17.0	74.0	11.0	40.0	40.0	40.0	222.0
ESA Implementation 4/		BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal			17.0	74.0	11.0	40.0	40.0	40.0	222.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 19									
U. Columbia River Water Budget		BPA	---	---	---	---	---	---	---
Spill for Juvenile/Adult Passage 6/		BPA	---	---	---	---	---	---	---
Flow Augmentation 7/		BPA	---	---	---	---	---	---	---
Reduced Forebay Levels		BPA	---	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)		BPA	---	---	---	---	---	---	---
Subtotal									
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)									
O&M Lower Snake River Hatcheries		USFWS	5.4	4.9	5.8	5.1	7.6	8.3	37.1
O&M Corps (w/bypass eff. FY 1992)		COE	11.4	15.8	20.7	10.5	12.3	11.5	82.2
O&M Bureau (hatchery eff. FY 1992)		BOR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (NW Power Planning Council)		BPA	3.1	3.0	3.2	3.4	3.7	3.6	20.0
Subtotal			19.9	23.7	29.7	19.0	23.6	23.4	139.3
TOTAL PROGRAM OPERATING EXPENSES			52.8	117.3	62.9	77.8	86.6	96.2	493.6

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96

								TABLE 2
	First Funded by:	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	Subtotal 85-90
PROGRAM RELATED FIXED EXPENSES	9/							
Interest Expense	BPA	15.3	17.1	22.2	24.3	24.5	26.0	129.4
Amortization Expense	BPA	0.1	0.5	0.8	1.1	1.7	2.4	6.6
Depreciation Expense	BPA	4.3	4.5	5.5	5.6	5.7	5.9	31.5
TOTAL PROGRAM FIXED EXPENSES		19.7	22.1	28.5	31	31.9	34.3	167.5
GRAND TOTAL PROGRAM EXPENSES		72.5	139.4	91.4	108.8	118.5	130.5	661.1
<hr/>								
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA	27.0	19.0	9.0	10.0	15.0	15.0	95.0
ESA Drawdown - Minimum Operating Pool	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		27.0	19.0	9.0	10.0	15.0	15.0	95.0
FOREGONE REVENUES FY 1994	5/							
U. Columbia River Water Budget	BPA	---	---	---	---	---	---	---
Spill for Juvenile Passage	BPA	---	---	---	---	---	---	---
Flow Augmentation	BPA	---	---	---	---	---	---	---
Reduced Forebay Levels	BPA	---	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---	---
Subtotal								
TOTAL - PROGAM EXP. & FOREGONE REVENUES		99.5	158.4	100.4	118.8	133.5	145.5	756.1

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART

**DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
FISH AND WILDLIFE CROSSCUT**

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96

	First Funded by:	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Subtotal FY 91-95	TABLE 3 TOTAL 78-95
CAPITAL INVESTMENTS								
BPA Fish and Wildlife 1/	BPA	17.7	11.2	17.3	20.5	32.5	99.2	154.3
Associated Projects (Federal Hydro) 2/	COE	12.0	4.7	162.0	63.0	48.0	289.7	614.9
TOTAL CAPITAL INVESTMENTS		29.7	15.9	179.3	83.5	80.5	388.9	769.2
PROGRAM OPERATING EXPENSES								
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/								
Non-ESA Activities	BPA	32.7	59.4	30.0	43.5	47.7	213.3	383.5
ESA Activities	BPA	0.3	7.6	19.6	12.4	23.7	63.6	63.6
Subtotal		33.0	67.0	49.6	55.9	71.4	276.9	447.1
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY								
Existing Water Budget 3/	BPA	40.0	40.0	40.0	0.0	0.0	120.0	354
ESA Implementation 4/	BPA	0.0	19.0	64.0	0.0	0.0	83.0	83
Subtotal		40.0	59.0	104.0	0.0	0.0	203.0	437.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 19								
U. Columbia River Water Budget	BPA	---	---	---	40.0	0.0	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	5.7	0.0	---	---
Flow Augmentation 7/	BPA	---	---	---	66.0	0.0	---	---
Reduced Forebay Levels	BPA	---	---	---	0.0	0.0	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	0.0	0.0	---	---
Subtotal					111.7	114.0	225.7	225.7
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)								
O&M Lower Snake River Hatcheries	USFWS	8.7	11.2	11.2	12.4	12.7	56.2	100.6
O&M Corps (w/bypass eff. FY 1992)	COE	11.8	13.3	14.0	16.9	17.8	73.8	203.1
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	1.2	1.3	1.3	3.8	3.8
Other (NW Power Planning Council)	BPA	3.8	3.9	4.1	4.3	4.3	20.4	48.8
Subtotal		24.3	28.4	30.5	34.9	36.1	154.2	356.3
TOTAL PROGRAM OPERATING EXPENSES		97.3	154.4	184.1	202.5	221.5	859.8	1466.1

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96

	First Funded by:	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Subtotal FY 91-95	TABLE 3 TOTAL 78-95
PROGRAM RELATED FIXED EXPENSES 9/								
Interest Expense	BPA	29.2	31.4	40.6	46.1	44.9	192.2	377
Amortization Expense	BPA	3.6	4.8	5.5	6.8	8.5	29.2	35.8
Depreciation Expense	BPA	5.4	5.7	7.5	8.4	10.2	37.2	91
TOTAL PROGRAM FIXED EXPENSES		38.2	41.9	53.6	61.3	63.6	258.6	503.8
GRAND TOTAL PROGRAM EXPENSES		135.5	196.3	237.7	263.8	285.1	1118.4	1969.9
<hr/>								
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA	15.0	15.0	20.0	---	---	50.0	171
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	8.0	25.0	---	---	33.0	33
		15.0	23.0	45.0	0.0	0.0	83.0	204.0
FOREGONE REVENUES FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	0.0	---	---	0.0
Spill for Juvenile Passage 6/	BPA	---	---	---	32.0	---	---	0.0
Flow Augmentation	BPA	---	---	---	0.0	---	---	0.0
Reduced Forebay Levels 10/	BPA	---	---	---	25.0	---	---	0.0
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	5.0	---	---	0.0
Subtotal					62.0	114.0	176.0	176.0
TOTAL - PROGAM EXP. & FOREGONE REVENUES		150.5	219.3	282.7	325.8	399.1	1377.4	2349.9

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION**

**Notes - Fish and Wildlife Investments Crosscut Tables
Fiscal Years 1978 through 1995**

These notes support three tables that display the Pacific Northwest electric utility ratepayers' investment in fish and wildlife activities within the Columbia River Basin. The tables represent the annual expense for all fish and wildlife investments funded under the Federal Columbia River Power System from a rate making, revenue requirement perspective for the period Fiscal Years (FY) 1978 to 1995. Where audited actuals are not available in this period, best estimates are used. The three tables cover the following periods: Table 1 - FY 1978 through FY 1984, Table 2 - FY 1985 through FY 1990, and Table 3 - FY 1991 through FY 1995.

The costs shown in the tables are based on budget outlays (rather than obligations) for the year shown. The title "Capital Investments," shown at the top of the table, is presented for information only. The annual expense (interest, amortization, and depreciation) associated with these capital investments is shown under the title "Program Related Fixed Expenses."

BPA has a mandate, under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), to undertake activities to enhance and support fish and wildlife resources adversely affected by the hydroelectric development of the Columbia River Basin. Under the Act, the Northwest Power Planning Council has established a fish and wildlife program that oversees regional efforts to improve fish and wildlife survival. In conjunction with the Power Planning Council, affected states within the BPA service area, public agencies and Indian tribes, BPA identifies opportunities for effective actions to restore habitat and support fish and wildlife population, and provides funding for those activities.

BPA also has a mandate to implement measures called for under the Endangered Species Act. These measures are part of the Biological Opinions (BO) issued by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro electric system. The expenses associated with the calendar year (CY) 1995 NMFS BO, addressing measures regarding listed salmon species, and the CY 1995 USFWS BO, addressing measures concerning Kootanai River sturgeon and certain Snake River snails, are reflected in the tables.

BPA funding of the Power Planning Council's Fish and Wildlife Program measures and measures called for under ESA, starting in FY 1992, has increasingly become interrelated and as such, difficult to separately track. As a result, the ESA activities reported under the heading "BPA Direct Fish and Wildlife Program" will no longer be separated in forecasts that extend beyond the budget year.

BPA has a direct program "budget" that is the source of funding the Council's Fish and Wildlife Program and certain ESA measures called for in Biological Opinions. This budget is reflected in these tables under two headings. The first is under "Capital Investments" for fish and wildlife, and the second is under "Program Operating Expenses" for BPA fish and wildlife program. (Because these tables present a "revenue requirement" view of BPA's overall fish and wildlife annual investment, only the fixed expenses of the capital investment are included in the total, as noted above.)

Adjustments for implementation of Section 4(h)(10)(C) of the Northwest Power Act for FY 1994 and FY 1995 are \$18.7 million and \$56.3 million, respectively, are not reflected in Table 3. The Section 4(h)(10)(C) credits were received against BPA's FY 1994 and FY 1995 Treasury repayment. The credit reflects implementation of Section 4(h)(10)(C) which calls for a portion of BPA's fish and wildlife expenses to be allocated to the other purposes of the Federal projects in the Columbia River Basin. Analysis has determined that the BPA's power share is 73 percent and the taxpayer's share is 27 percent.

- The tables represent a "revenue requirement" view of BPA's fish and wildlife funding responsibilities except for foregone revenues. All expenses in these tables are paid for by BPA's ratepayers.
- Power purchases and foregone revenues for FY 1994 reflect the measures contained in the CY 1994 National Marine Fisheries Service's (NMFS) Biological Opinion issued March 16, 1994, pursuant to the Endangered Species Act (ESA). Estimates for FY 1995 reflect the average of 50 water year conditions and reflect the measures contained in the NMFS Biological Opinion issued March 2, 1995, pursuant to ESA. The estimated expenses for FY 1995 are split 50/50 between power purchases and foregone revenues. A detailed accounting of FY 1995 expenses is not complete at this writing but should be included in later updates to Table 3. A format change in the display of the Power Purchases for Fish Enhancement and Foregone Revenues occurs starting in FY 1994 to better reflect NMFS Biological Opinion elements.

Footnotes

1/ Based on outlays. The BPA Program Expenses - ESA for the period FY 1991 through FY 1995 reflect funding specifically mandated by ESA and also those expenditures that, while not specifically mandated, are intended to assist in the recovery of ESA-listed species. Examples of these projects are the squawfish predator control program and the Kootanai River sturgeon program.

2/ Based on plant-in-service as reported by the Corps of Engineers. Through FY 1977, cumulative plant-in-service is estimated at \$165 million. A review of these annual estimates is planned and may result in restatements of annual plant-in-service and resulting adjustments in Program Related Fixed Expenses.

3/ Expenses through FY 1991 are for Water Budget only. ESA implementation began in FY 1992 in anticipation of NMFS listings that led to a Biological Opinion that was issued in calendar year (CY) 1993.

4/ In FY 1993, estimates reflect the CY 1993 NMFS Biological Opinion.

5/ The FY 1994 estimates reflect the measures contained in the 1994 NMFS Biological Opinion issued March 16, 1994. Estimates for FY 1995 reflect NMFS Biological Opinion issued March 2, 1995, and are the average of 50 water year conditions. As noted above, accounting is not complete on FY 1995 hydro operations. Effective in FY 1994, these expenses are displayed with greater detail, consistent with categories identified by NMFS in the Biological Opinion.

6/ The estimate for FY 1994 reflects CY 1994 NMFS Biological Opinion spill levels April 10, 1994, through the migration period. It also reflects emergency spill measures implemented by NMFS May 11, 1994 through June 20, 1994.

7/ The estimate for FY 1994 reflects CY 1994 NMFS Biological Opinion flow augmentation volumes plus the additional releases from Dworshak (to elevation 1490 feet) and Upper Columbia reservoirs (1.33 MAF).

8/ Associated Projects costs reflect the power share of the fish and wildlife O&M reimbursed to the Treasury. The amounts shown are based on estimates of the agency, adjusted for actuals by BPA where data is available. (Prior versions of these tables included a line representing estimates for "ESA" related expenses for FY's 1992 and 1993. This sub-category has been removed because expenses are not separately reported to Bonneville, although ESA expenses are assumed to be imbedded in the expenses of the Federal agencies [excluding the Council which has no ESA related expenses.]

9/ Interest expense includes BPA's interest on bonds (for fish and wildlife) and interest on the Corps of Engineers (Federal) investment in fish and wildlife assigned to the power purposes of the Federal projects. Amortization reflects BPA's bonds and depreciation reflects the Federal investment in fish and wildlife. These amounts include expenses for interest during construction on federal investments.

10/ "ESA drawdown" includes operations of the four Lower Snake River dams at near minimum operating pool elevations and John Day Dam at minimum irrigation pool, as in 1992. Other drawdown proposals being studied include physical changes to the Lower Snake River dams. These proposals would result in significantly higher costs and are not included in either the ESA drawdown or reduced forebay levels in these tables.

DEPARTMENT OF ENERGY
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION
CURRENT SERVICES

PROGRAM & FINANCING SUMMARY

(in millions of dollars)

Identification Code: 89-4045-0-3-271

27-Jan-98

	1997 est.	1998 est.	1999 est.	2000 est.	2001 est.	2002 est.	2003 est.
Program by activities:							
Operating expenses:							
0.10 Power Business Line	814	992	1,036	1,051	1,011	939	1,018
0.11 Residential Exchange	171	73	60	58	35	0	0
Associated Project Costs:							
0.12 Bureau of Reclamation	46	43	43	44	45	47	49
0.13 Corps of Engineers	86	95	98	101	104	108	112
0.14 Colville Settlement	16	16	15	15	15	16	16
0.15 U.S. Fish & Wildlife Service	12	12	12	14	15	15	16
0.16 Planning Council	8	8	7	7	6	6	6
0.17 Fish & Wildlife	82	110	110	105	105	100	100
0.20 Transmission Business Line	179	179	177	174	174	176	178
0.30 Conservation & Energy Efficiency	32	41	36	37	34	34	32
0.40 Interest	450	429	428	434	454	454	449
0.50 Pension and Health Benefits 1/	0	2	4	6	8	55	35
0.60 Total operating expenses 2/	1,896	2,000	2,026	2,046	2,006	1,950	2,011
Capital investment:							
1.01 Power Business Line	19	50	74	75	72	81	48
1.02 Transmission Services	134	147	136	129	142	128	113
1.03 Conservation & Energy Efficiency	20	16	9	5	5	5	5
1.04 Fish & Wildlife	21	27	27	27	27	5	5
1.05 Capital Equipment	7	9	7	7	7	7	7
1.06 Capitalized Bond Premiums	8	5	5	5	5	5	5
1.07 Total Capital Investment 3/	209	254	258	248	258	231	183
2.01 Projects Funded in Advanced	16	30	29	27	27	28	29
10.00 Total obligations	2,121	2,284	2,313	2,321	2,291	2,209	2,223

1/ Assumes that Bonneville will fully recover, from the sale of electric power and transmission, funds sufficient to cover the full cost of associated Civil Service Retirement System and Post -Retirement Benefits.
The full cost of employees working under the Federal Employees Retirement System (FERS) is already fully recovered in Bonneville wholesale electric power and transmission rates.

2/ Reflects expensed obligations, not accrued expenses.

3/ Reflects capital obligations, not capital expenditures.

Program and Financing (continued)

	1997 est	1998 est	1999 est	2000 est	2001 est	2002 est	2003 est
Financing:							
21.90 Unobligated balance available, start of year: Treasury balance 3/	(235)	(424)	(424)	(424)	(424)	(424)	(424)
24.90 Unobligated balance available, end of year: Treasury balance 3/	424	424	424	424	424	424	424
25.00 Unobligated balance lapsing	0	0	0	0	0	0	0
39.00 Budget authority (gross)	2,310	2,284	2,313	2,321	2,291	2,209	2,223
Budget Authority:							
67.15 Permanent Authority: Authority to borrow (indefinite) 4/	221	202	118	78	6	44	1
68.00 Spending authority from off-setting collections	2,294	2,309	2,359	2,408	2,438	2,387	2,385
68.47 Portion applied to debt reduction 5/	(205)	(227)	(164)	(165)	(153)	(222)	(163)
68.90 Spending authority from offsetting collections (adjusted)	2,089	2,082	2,195	2,243	2,285	2,165	2,222
Relation of obligations to outlays:							
71.00 Total obligations	2,121	2,283	2,313	2,321	2,291	2,206	2,212
Obligated balance, start of year:							
72.47 Authority to borrow	44	30	41	41	41	41	41
74.47 Authority to borrow	(30)	(19)	(41)	(41)	(41)	(41)	(41)
87.00 Outlays (gross)	2,137	2,294	2,313	2,321	2,291	2,206	2,212
Adjustments to budget authority and outlays:							
Deductions for offsetting collections:							
88.00 Federal funds	(35)	(90)	(90)	(90)	(90)	(90)	(90)
88.40 Non-Federal sources	(2,259)	(2,219)	(2,269)	(2,318)	(2,348)	(2,297)	(2,297)
88.90 Total, offsetting collections	(2,294)	(2,309)	(2,359)	(2,408)	(2,438)	(2,387)	(2,385)
89.00 Budget authority (net)	16	(25)	(46)	(87)	(147)	(178)	(162)
90.00 Outlays (net)	(157)	(15)	(46)	(87)	(147)	(181)	(173)

3/ FY 1997-2003 Treasury balance and unobligated balance estimates assume that BPA will borrow the amount needed to finance the full capital program. Actual Treasury borrowing and cash balances will be different, depending on net revenues, Treasury interest rates, and other cash management factors. Borrowing could be higher such that cash balances at the end of each year could equal total reserves.

4/ The Permanent Authority: Authority to borrow (indefinite) amount for FYs 1997-2003 reflects both BPA's capital program financing needs and either the use of, or creation of, deferred borrowing. Deferred borrowing is created when, as a cash and debt management decision, BPA uses cash from revenues to liquidate capital obligations in lieu of borrowing. This temporary use of cash on hand instead of borrowed funds creates the ability in future years to borrow money, when fiscally prudent. Technical Executive Branch budget display and tracking requirements have modified the way BPA shows this deferred borrowing as a resource carried forward from year-to-year. This amount must therefore be added to, or subtracted from, BPA's current year borrowing authority amount, making this number a combination of capital program financing needs and the annual use, or creation of deferred borrowing. The FY 1989 Energy and Water Development Appropriations Act (P.L. 100-371 of 7/19/88) clarified that BPA has authority to incur obligations in excess of borrowing authority and cash in the BPA Fund. The two amounts which comprise the net amount on line 67.15 above are as follows:

Borrowing Authority:

to finance capital obligations

to finance other obligations

Total Borrowing Authority (67.15)

FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
209	253	258	248	258	231	183
12	(51)	(140)	(170)	(252)	(187)	(182)
221	202	118	78	6	44	1

5/ Includes amortization of BPA and Corps of Engineers appropriations and amortization of BPA bonds. Line 68.47 is referred to as capital transfers on BP-3.

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET SUBMITTAL

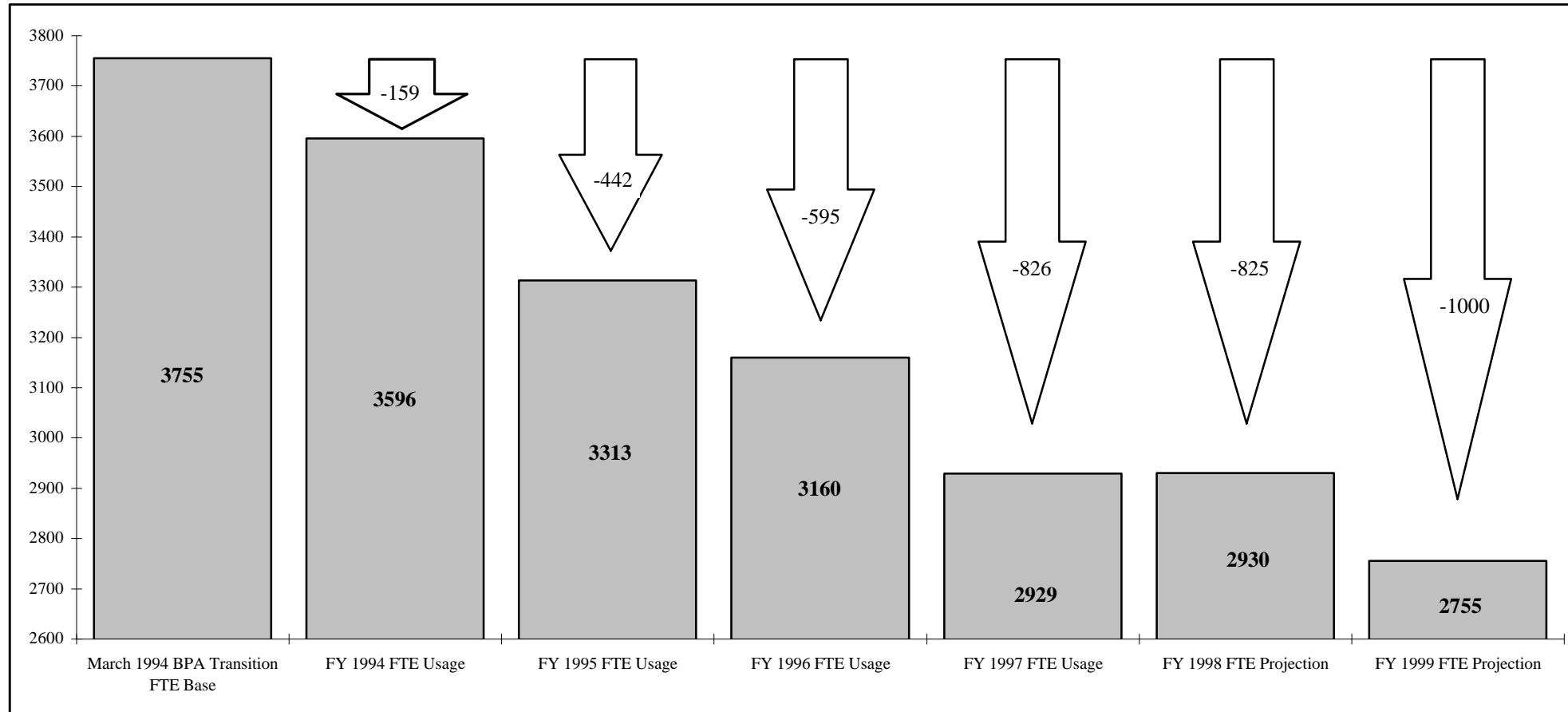
5 YEAR FUNDING PROFILE
(in millions of dollars)

Description	Fiscal Year				
	1997	1998 (Enacted)	1999 (Request to Congress)	2000	2001
Residential Exchange	171	73	60	58	35
Power Business Line	974	1,158	1,204	1,230	1,194
Transmission Services	313	325	313	303	317
Conservation & Energy Efficiency Services \1	52	57	45	42	39
Fish & Wildlife	103	137	137	132	132
Interest/Pension	450	431	432	440	462
Associated Project Costs- Capital	19	50	74	75	72
Capital Equipment	7	9	7	7	7
Planning Council	8	8	7	7	6
Projects Funded in Advance	16	30	29	27	27
Capitalized Bond Premiums	8	5	5	5	5
Total Obligations	2,121	2,283	2,313	2,326	2,296
Total FTE	2,929	2,930	2,755	2,755	2,755

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1999 CONGRESSIONAL BUDGET

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BONNEVILLE FTE REDUCTION
(Revised January 22, 1998)



BPA's March 1994 baseline for FY 1994 was the number of filled positions (permanent and temporary, full and part-time, including student programs charged against FTE allocations) whose incumbents were actually on board and charging against BPA FTE. BPA identified this as baselines for both employment and FTE.

BPA has utilized the following number of Voluntary Separation Incentives (VSIs): 240 in FY 1994, 191 in FY 1995, 138 in FY 1996, 194 in FY 1997, and as of December 30, 1997, 92 for FY 1998.

BPA estimates it may be able use up to an additional 100 VSIs in FY 1998 in addition to the 92 already used in FY 1998. BPA's ability to achieve this estimate may be adversely impacted by the recent court decision regarding Voluntary Early Retirement Authority.